
ILLINOIS COMMERCE COMMISSION



**ANNUAL
REPORT
ON ELECTRICITY, GAS,
WATER AND SEWER
UTILITIES
2014**

ILLINOIS
COMMERCE COMMISSION

ANNUAL REPORT
ON ELECTRICITY, GAS, WATER
AND SEWER UTILITIES

2014

ICC Annual Reports

This report is one of four annual reports issued by the Illinois Commerce Commission.

Annual Report on Electricity, Gas, Water and Sewer Utilities

(issued 1985—1995 as Annual Report on Public Utilities)

This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434

Also on: www.icc.illinois.gov

Annual Report on Telecommunications

This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434

Also on: www.icc.illinois.gov

Annual Report on the Transportation Regulatory Fund

This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

Annual Report on the Use of the Grade Crossing Protection Fund

This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

The ICC Online

Agendas for Commission meetings, selected Commission orders, annual reports, and other information are available on line from the Commission's

ICC's Electronic Docketing System
<http://eweb.icc.illinois.gov/e-docket>

Plug In Illinois—Choosing an Electric Supplier
<http://www.pluginillinois.org/>

Web Site: www.icc.illinois.gov

Contacting the ICC

Springfield and Chicago Offices

Illinois Commerce Commission
527 E. Capitol Avenue
Springfield, Illinois 62701

Illinois Commerce Commission
160 N. LaSalle, Suite C-800
Chicago, Illinois 60601

For any public utility service issue, for assistance, or information, or to file an informal complaint, please contact the ICC's Consumer Services Division.

Toll-free: 800/524-0795 (In Illinois only)
800/858-9277 (TTY)

Chicago:

Illinois Commerce Commission
Consumer Services Division
160 N. LaSalle Street
Suite C-800
Chicago, Illinois 60601

Springfield:

Illinois Commerce Commission
Consumer Services Division
527 E. Capitol Avenue
Springfield, Illinois 62701

On matters pertaining to trucking, and household goods moving, which are under the Commission's jurisdiction, please contact the Transportation Division Walk-In Center in Springfield.

217/782-4654
217/782-4915 (TTY)

For railroad safety issues, please contact:
217/782-7660

For relocation towing issues, please contact:
Illinois Commerce Commission
Des Plaines Compliance Office
847/294-4326

For collateral recovery issues, please contact:
217/782-6447



ILLINOIS COMMERCE COMMISSION

January 31, 2015

The Honorable Bruce Rauner
Governor, State of Illinois
State Capitol, Springfield, Illinois

Chairman and Members, Joint Committee on Legislative Support Service
313 State Capitol, Springfield, Illinois

Dear Governor, Chairman and Members of the Joint Committee:

We are pleased to submit to you the Commission's 2014 Annual Report on Electricity, Gas, Water, and Sewer Utilities. This Report covers the period of January 1, 2014 through December 31, 2014.

The Annual Report is submitted in compliance with the Public Utilities Act and specifically addresses the items cited in Section 4-304 of that Act, which requires the Commission to report on the following subjects: a general review of agency activities; a discussion of the utility industry in Illinois; a discussion of energy planning; the availability of utility services to all persons; implementation of the Commission's statutory responsibilities; appeals from Commission orders; studies and investigations required by state statutes; impacts of federal activity on state utility service; and recommendations for proposed legislation.

Among other Commission reports provided to the Governor and General Assembly each year are the following:

- Annual Report on Telecommunications
- Annual Report on the Transportation Regulatory Fund
- Annual Report on the Use of the Grade Crossing Protection Fund

Additional information about the Commission and its activities is available from the Commission's web site listed on the previous page.

Sincerely,

A handwritten signature in black ink, appearing to read "Brien Sheahan".

Brien Sheahan
Chairman

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ILLINOIS COMMERCE COMMISSION

YEAR IN REVIEW

2014

Electric Restructuring

The electric market was opened to approximately 4.4 million residential customers May 1, 2002. At the end of 2014, 86 alternative suppliers were certified to serve non-residential customers; however, 11 of those suppliers had secured Commission approval only to serve themselves or their affiliates. Sixty suppliers were eligible to serve residential customers. To assist customers who may be considering switching to an alternative provider for electric service, the ICC website provides a list of the electric supply offers by service territory as well as the names and contact information of those companies providing alternative retail electric service.

Alternative Retail Electric Supplier Service

As of October 31, 2014, more than 2.7 million residential customers in Illinois were purchasing power and energy from an Alternative Retail Electric Supplier and approximately 312,000 non-residential customers were purchasing power and energy from an Alternative Retail Electric Supplier (ARES) or an electric utility selling outside its service area. The percentage of ARES usage among all non-residential customers in the service territories of Ameren Illinois and Commonwealth Edison remains around 90 percent. Detailed electric customer switching statistics can be viewed on the Commission's web page at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>.

Electric Rate Proceedings

In December 2014, the Commission approved new electric distribution rates for ComEd, effective January 1, 2015, in accordance with the performance-based formula rate plan or Energy Infrastructure and Modernization Act (EIMA). The new rates are expected to produce approximately \$245 million in additional annual revenue for the company or about 11 percent more than 2014 revenue. The Commission also approved new electric distribution rates for

Ameren in 2014, which are expected to generate an additional \$204 million in 2015. EIMA allows ComEd and Ameren to recover their investment in the electric system annually using a formula as long as they make specific investments aimed at improving reliability and modernizing the electricity grid. The Commission approved a Memorandum of Agreement in September between the Attorney General, Citizens Utility Board and ComEd requiring ComEd to refund \$46.2 million with interest to customers, for charges assessed beginning in 2008, to upgrade and modernize the company's electric distribution system. The special charges were designated as Rider SMP and later as Rider AMP. The refund stemmed from an Appellate Court ruling in which an earlier refund order was overturned due to a miscalculation of the value of plant investment. Refunds were made in November 2014. The Commission approved new distribution rates for Mid-American Energy in November in Docket 14-0066. The new rates are expected to produce approximately \$15.8 million in additional annual revenue or about 10 percent over previous revenue.

The Commission approved the Illinois Power Agency's plan to purchase electricity and associated transmission services for ComEd and Ameren Illinois energy consumers for 2015-16 (Docket 14-0558). The order provides for two energy procurements in 2015 to allow for better matching of customer demand with energy supply. The Illinois Power Agency will conduct a procurement in the spring of 2015 and a second in September 2015.

CONSUMER EDUCATION PROGRAMS

Electric Customer Choice –“Plug in Illinois”

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electricity utility industry. Section 16-117 of the Public Utilities Act requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights and responsibilities. The Office of Retail Market Development continually updates the content on the Commission's electric choice website, PluginIllinois.org, including a list of municipalities pursuing aggregation, the residential price to compare for both Ameren Illinois and Commonwealth Edison, and monitors the offers posted by Alternative Retail Electric Suppliers.

Natural Gas Choice

In some parts of Illinois, natural gas utilities voluntarily offer their residential and small retail commercial customers the opportunity to choose their supplier of natural gas. Alternative Gas Suppliers offering service to these customers must be licensed by the ICC. At the end of 2014, 30 companies were licensed as alternative gas suppliers in Illinois. Public Act 95-1051, which took effect April 10, 2009 expanded consumer rights and protections. The Commission website includes consumer education information to help residential and small commercial customers understand their gas supply options and their rights and responsibilities. The educational information includes choices available, guidance for selecting an alternative gas supplier, comparisons of the prices and terms of products offered by alternative suppliers, and procedures for addressing complaints.

ENERGY ISSUES: Gas

Gas Price Increases

In 2014, the Commission continued its annual review of the commodity cost of natural gas through annual reconciliation dockets looking at Purchased Gas Adjustment filings submitted by the gas utilities.

Audits

Liberty Consulting Group was hired in 2014 to monitor Peoples Gas as the company works to replace aging cast iron gas mains in Chicago. The company plans to replace 1,570 miles of cast iron gas mains and upgrade 300,000 customer service lines. The auditors will investigate the company's efforts to replace gas main under the terms of the Commission-approved accelerated main replacement program and perform a follow up study to evaluate adherence to the schedule, procedures and recommendations. The audit reports are due in 2015.

Gas Rate Proceedings

In July 2013, Public Act 98-0057 became effective, allowing natural gas utilities in Illinois to implement a surcharge for investments in qualifying infrastructure plant investments. The ICC approved qualifying infrastructure plant (QIP) tariffs for Peoples Gas during 2014.

The Commission issued orders establishing natural gas delivery service rates for Ameren Illinois. On December 18, 2014 the Commission entered an order

in Ameren Illinois' rate case increasing natural gas delivery service rates for each of its three rate zones. The new rates, effective January, 2015, are expected to generate approximately one million dollars in new annual revenue, or 10.2 percent over current revenue.

Peoples Gas and North Shore Gas filed rate cases in February citing Section 9-220 of the Public Utilities Act (Docket Nos. 14-0224 and 14-0225). Peoples Gas requested approximately \$129 million additional annual revenue to meet increased operating expenses as well as to pay for capital projects including its main replacement program. The cases were pending at the end of 2014.

FERC

In 2014, the Federal Energy Regulatory Commission (FERC) continued to focus on improving the efficiency and transparency of the electricity and natural gas markets. In light of continued low natural gas prices, one of FERC's main focuses is addressing the interdependence between the natural gas and electricity markets. To that end, FERC initiated several proceedings intended to improve the coordination between the natural gas and electricity industries with particular emphasis on improving the scheduling practices of the natural gas transportation and electricity markets and held numerous technical conferences on the issue.

On the electricity side, FERC continued to focus on implementation of Order No. 1000 (transmission planning and cost allocation), addressing seam issues between PJM and MISO transmission organizations, formula rate protocols under the MISO tariff, generation reserve margins, and issues surrounding the production and delivery of renewable energy in the Midwest and the East Coast. The methodology used by FERC to allocate the costs of regional transmission projects continues to be a concern for Illinois.

WATER AND SEWER ISSUES

Illinois-American Water Company (IAWC) is the state's largest investor-owned water and sewer utility. In November, the Commission approved IAWC's acquisition of the water system of Hardin County Water Company, a small water district providing water service to areas in four counties in southeastern Illinois.

Aqua Illinois, Inc. (Aqua) is the state's second largest investor-owned water and sewer utility. In April, the Commission approved Aqua's acquisition of McHenry Shores Water Company, a small investor-owned water utility in McHenry County. In May, Aqua filed a request for a general increase in water rates for its Kankakee Division. Also in May, Aqua filed an application to acquire the water and wastewater systems of North Maine Utilities from the village of Glenview in Cook County.

Utilities Services of Illinois, Inc. (USI) is the state's third largest investor-owned water and sewer utility. In March, the Commission approved the acquisition by a subsidiary of Utilities, Inc. of the water and wastewater system assets of the Village of Oakwood, in Vermilion County. In October, the Commission approved the merger of the 23 Illinois operating subsidiaries of Utilities Inc. with and into USI, the surviving corporation. In November, USI filed a request for a general increase in water and sewer rates for all of its service areas except for the Oakwood service area. In June, the Commission approved a general increase in rates for Crystal Clear Water Company.

COMMISSION ACTIVITIES

As of the end of December 2014 the Commission had approved licenses for 292 agents, brokers or consultants to procure or sell retail electricity to utility customers in Illinois. Sample applications for licensing, bond information, administrative code outlining the licensing requirements, and a code of conduct are available on the ICC's website. Agents, brokers and consultants applying for licenses to sell or market electricity in Illinois must adhere to the rules and provide the Commission with evidence of managerial, technical and financial capability. Each application must be reviewed within 90 days in compliance with the Public Utilities Act.

The Commission approved several new transmission lines in Illinois in 2014. While the majority of the \$1 billion, 345 kV line, Illinois Rivers project (Docket 12-0598) was approved in 2013, the Commission's order on rehearing in February 2014 approved construction of several remaining sections of the transmission line. Specifically, the Commission authorized the route from Pawnee to Pana to Mt. Zion and from Mt. Zion to Kansas as well as construction of several substations. The Commission approved Rock Island Clean Line's

(Docket 12-0560) petition to construct a 121 mile long, high voltage line that will bring renewable energy resources into Illinois, connecting with the PJM transmission system in Grundy County. The Commission's order requires Rock Island to secure funds that cover total project costs before constructing facilities and requires Commission approval for project expansion and recovery of any project costs from Illinois retail ratepayers through regional cost allocation. Also approved was ComEd's Grand Prairie Gateway project (Docket 13-0657), a 345 kV transmission line through Ogle, DeKalb, DuPage and Kane counties.

The Commission continued to review and license companies seeking to install distributed generation facilities, including solar panels, wind turbines, natural gas generators and fuel cells in the state. There were 71 applicants granted certificates under the terms of the law by the end of 2014. Another 41 certificates were issued for Electric Vehicle installers in 2014.

The Commission's Electric Policy and Natural Gas committees met with electric and natural gas utility, and energy executives to discuss energy supply issues and demand forecasts in 2014. Policy meetings also focused on natural gas pipeline inspection programs and utility efforts to upgrade aging gas main systems. The Commission conducted a series of policy meetings focusing on the impact of the U.S. Environmental Protection Agency's (EPA) draft guidelines on carbon standards. The meetings were held in conjunction with the Illinois Environmental Protection Agency, the Illinois Power Agency and the Illinois Department of Commerce and Economic Opportunity.

The Commission adopted major revisions to its rule governing customer eligibility for service, billing, payments, refunds and disconnection of service practices for regulated electric, natural gas, water and sewer utilities. The rule, 83 Illinois Administrative Code Part 280, serves as the customer "bill of rights". Updates covered service deposits and payment plans, protections for customers with medical issues, special rights for low income customers, and dispute resolution procedures.

The Commission participated in a National Association of Regulatory Commissioners (NARUC) information exchange program with the Tanzanian Energy and

Water Utilities Regulatory Authority (EUWURA) in 2014, offering information to Tanzanian regulators as they work to double access to electricity in the country, develop newly discovered natural resources, and build out the power generation and transmission system.

The Commission held a public hearing in March regarding Future-Gen Alliance's plans for transporting and sequestering carbon dioxide from the FutureGen 2.0 clean coal facility near Meredosia. The Commission authorized construction of FutureGen Alliance's 28 mile-long, carbon dioxide pipeline and the route from the coal fueled power plant to the geologic storage site in eastern Morgan County in February, 2014.

INTRODUCTION

The following report for calendar year 2014 was prepared to meet the requirements of the Public Utilities Act (PA-84-617). Section 4-304 of this Act instructs the Illinois Commerce Commission to prepare an annual report and provide copies to the Joint Committee on Legislative Support Services of the General Assembly, the Public Counsel, and the Governor.

Nine specific sections on which the Commission is asked to report are cited in the Act. The report is therefore divided into nine main parts, as follows:

- A general review of agency activities;
- A discussion of the utility industry in Illinois;
- A discussion of energy planning;
- The availability of utility services to all persons;
- Implementation of the Commission's statutory responsibilities;
- Appeals from Commission orders;
- Studies and investigations required by state statutes;
- Impacts of federal activity on state utility service; and
- Recommendations for proposed legislation.

For the convenience of the reader, each part is given the same number designation as the corresponding subsection of the Public Utilities Act that it addresses.

Other information about the Commission and its activities is available from the Commission's web site, www.icc.illinois.gov.

During 2014, the following persons (listed alphabetically) served as members of the Illinois Commerce Commission.

John T. Colgan

Miguel del Valle

Sherina E. May

Ann McCabe

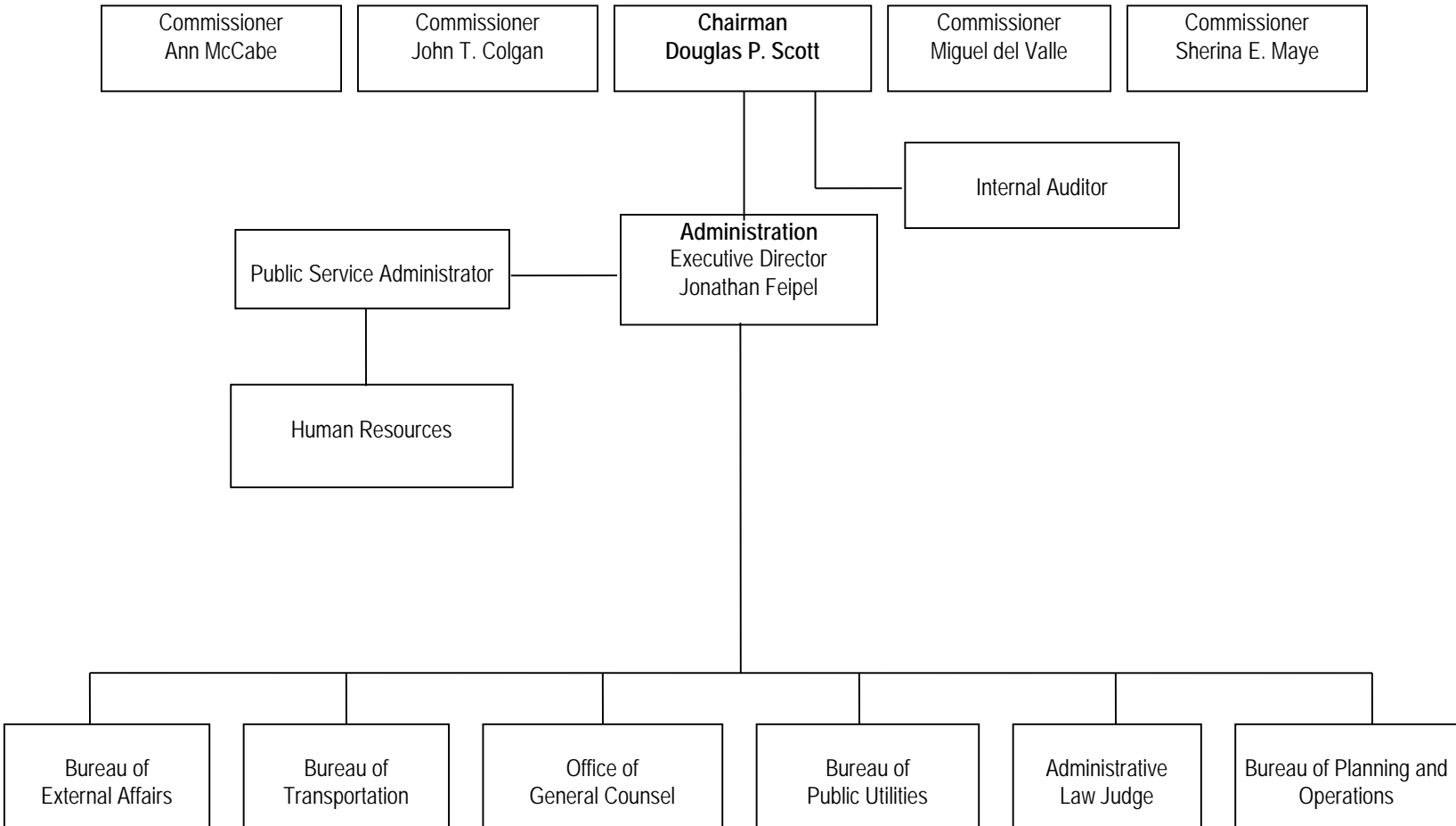
Douglas P. Scott

ILLINOIS COMMERCE COMMISSION

STATEMENT OF MISSION

The Illinois Commerce Commission, in a period of emerging reliance on the marketplace to ensure fairly-priced, reliable, and adequate utility services, will protect consumer interests and manage the transition of network industries from regulation to efficient competition through the use of innovative regulatory practices. Through its actions, the ICC shall generally promote effective competition in utility and transportation industries, enhanced consumer choice, efficient and effective dispute resolution, and the sharing of impartial and comprehensive information within its jurisdiction as provided by law.

ILLINOIS COMMERCE COMMISSION
ORGANIZATION CHART



SECTION 1

General Review of Agency Activities

Public Utilities Act Section 4-304 requires:

(1) A general review of agency activities and changes, including:

(a) a review of significant decisions and other regulatory actions for the preceding year, and pending cases, and an analysis of the impact of such decisions and actions, and potential impact of any significant pending cases;

(b) for each significant decision, regulatory action and pending case, a description of positions advocated by major parties, including Commission staff, and for each such decision rendered or action taken, the position adopted by the Commission and reason therefore;

REVIEW OF SIGNIFICANT COMMISSION DECISIONS

Appendix A of this report contains summaries of significant Commission decisions made and other regulatory actions taken in 2014. These summaries are by no means exhaustive, but they do provide a representative sampling of Commission actions. If the reader would like to know more about any of the cases discussed in this report, both the Commission's order and the record for decision are available for examination in the Commission's Springfield office. In any proceeding in which the Commission has entered an order on the merits, the best summary of positions advocated and reasons for the Commission's adoption of a position is contained in the order itself.

Copies of these documents are available free of charge to public officers; others may obtain copies upon payment of the fee established in Section 2-201 of The Public Utilities Act. Selected orders and other Commission documents may be found on the Commission's web page (www.icc.illinois.gov) or in the Commission's electronic docketing system (<http://eweb.icc.illinois.gov/e-docket>).

PENDING CASES

As noted above, Section 4-304 of the Public Utilities Act also requires a review of pending cases, including an analysis of the potential impact and a description of positions advocated by staff and major parties. The Commission feels that it is precluded from entering into discussions of pending issues or characterizing positions advocated by staff and parties in pending cases. The dangers of acting otherwise include the possibility of violating restrictions on ex parte communications (see Section 10-103 of the Public Utilities Act and 83 Ill. Adm. Code 200.710) and the possibility of later being held to have prejudged issues pending before the Commission as of the date of this report. The Commission's record in pending cases is available for examination through the Chief Clerk's Springfield office.

SIGNIFICANT REGULATORY ACTIONS

Significant actions taken by the Commission during 2014 are described in the summary statement, "The Year in Review," immediately preceding this section.

(1-c) a description of the Commission's budget, caseload, and staff levels, including specifically:

(i) a breakdown of type of case by the cases resolved and filed during the year and of pending cases;

CASES FILED DURING 2014

Table 1-1, Utility Cases Monthly Report, on the following page shows the cases and filings for each month for the years 2011, 2012, 2013 and 2014. This table also shows the totals by type for the year.

e-DOCKET: ICC's ELECTRONIC DOCKET FILING SYSTEM

To aid both the Commission staff and the public at large, the Illinois Commerce Commission has developed an electronic filing, reporting, and case management system called e-Docket that is accessible on the World Wide Web.

e-Docket is a Web-based, automated information and records-keeping system. It was developed to process and manage public information about the Commission's official cases and rulemaking proceedings. A person using e-Docket may conduct searches in two ways:

- **Search for cases:** permits searches by case types, service types, companies, and/or a date range as parameters.
- **Search for documents:** permits searches by document types, docket numbers, and/or a date range.

e-Docket has a variety of practical uses. Anyone interested in case proceedings conducted by the ICC may visit the e-Docket web site at <http://eweb.icc.illinois.gov/e-docket> and view a wealth of information about active and closed cases initiated on or after January 1, 2000.

e-DOCKET USERS MANUAL PROVIDES INSTRUCTIONS FOR SEARCHING FOR DOCUMENTS

A twenty-four-page e-Docket users manual is available on the e-Docket web site to assist viewers in finding information about cases. It is important to remember, however, that e-Docket was first used as a way to store electronic documents in January 2000. Documents created prior to January 1, 2000, were filed with the Commission in paper format only. These are available for viewing in the Commission's Chief Clerk's Office.



Table 1-1
Utility Cases Monthly Report

MONTHLY TOTALS	Current Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calander Year To Date
Filings:														
New Cases	2014	99	79	91	89	41	44	46	47	56	64	46	65	767
	2013	103	71	82	77	34	44	39	43	45	55	52	58	703
	2012	82	72	101	61	53	41	51	45	38	46	53	56	699
	2011	91	100	127	63	76	51	49	53	58	36	42	64	810
Filings/Reports (SPI)	2014	784	650	837	849	577	395	407	431	547	523	406	445	6,851
	2013	894	659	753	795	445	487	494	502	485	836	555	501	7,406
	2012	740	757	970	771	797	575	730	653	494	773	563	587	8,410
	2011	797	522	625	706	515	553	494	614	644	745	460	652	7,327
Filings/Reports (CHI)	2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-	-	-	-	-	-
Hearing & Commission Action Notices	2014	172	180	196	182	139	134	98	140	167	153	130	116	1,807
	2013	186	125	162	182	189	140	121	169	156	176	129	113	1,848
	2012	181	203	213	208	185	88	171	182	138	200	173	137	2,079
	2011	143	142	237	209	176	151	142	177	179	156	156	160	2,028
Supplemental/Reopen Petitions	2014	-	-	-	-	-	1	-	1	1	1	1	-	5
	2013	1	-	-	-	-	-	-	-	1	1	-	-	3
	2012	-	-	3	-	-	-	2	-	-	-	-	-	5
	2011	-	1	-	-	-	-	-	-	1	1	-	-	3
Petitions for Rehearing	2014	13	7	8	2	4	1	2	-	3	2	3	4	49
	2013	7	2	-	6	-	4	16	2	4	-	1	3	45
	2012	2	14	3	-	3	10	2	2	1	5	2	4	48
	2011	8	-	4	1	1	11	1	1	1	1	-	-	29
Notice of Appeals	2014	5	4	10	1	1	2	1	1	-	1	-	-	26
	2013	1	3	-	-	1	6	-	2	1	2	-	-	16
	2012	-	-	3	-	-	-	2	1	1	3	-	2	12
	2011	6	-	1	-	-	1	2	6	2	-	-	-	18
Cases Closed (Orders/Commission Actions)	2014	36	86	94	110	84	73	52	54	64	47	80	43	823
	2013	64	47	44	64	60	110	58	57	43	37	52	47	683
	2012	56	55	63	61	91	88	45	55	59	70	71	57	771
	2011	33	84	77	77	107	73	72	48	49	49	41	51	761
Tariff Filings	2014	73	68	95	74	165	94	88	64	119	64	56	67	1,027
	2013	86	89	98	98	235	133	111	108	141	94	83	79	1,355
	2012	154	102	165	170	245	252	130	158	157	114	85	108	1,840
	2011	142	148	99	106	137	114	102	105	101	104	93	163	1,414

(ii) a description of the allocation of the Commission's budget, identifying amounts budgeted for each significant regulatory division, or office of the Commission and its employees.

(iii) a description of current employee levels, identifying any change occurring during the year in the number of employees, personnel policies, and practices or compensation levels; and identifying the number and type of employees assigned to each Commission regulatory function and to each department, bureau, section, division, or office of the Commission.

The following table shows the Commission's budget and authorized headcount by divisions and funding source.

TABLE 1-3
Budget and Headcount by Division
For Fiscal Year 2014

	Chairman & Commissioners		Public Utility Division		Transportation Division		Totals	
	Head Count	Budget \$	Head Count	Budget \$	Head Count	Budget \$	Head Count	Budget \$
Public Utility Fund	11	1,506,800	185	30,181,600	0	0	196	31,688,400
Transportation Fund	1	131,500	0	0	78	18,435,300	79	18,566,800
Capital Development Fund	0	0	0	0	0	52,857	0	52,857
Underground Utilities Damage Prevention Fund	0	0	0	126,000	0	0	0	126,000
Wireless Carrier Reimbursement Fund	0	0	0	5,689,800	0	0	0	5,689,800
Wireless Services Emergency Fund	0	0	0	77,130,000	0	0	0	77,130,000
Totals	12	1,638,300	185	113,127,400	78	18,488,157	275	133,253,857

Headcount is shown at the authorized level for FY14

Budget \$ shown represents the FY14 appropriation.

(1-d) a description of any significant changes in Commission policies, programs or practices with respect to agency organization and administration, hearings and procedures or substantive regulatory activity.

AGENCY ORGANIZATION AND ADMINISTRATION

There were no significant changes in Commission policies or programs with respect to agency organization or administration in 2014.

SECTION 2

A Discussion of
the Utility
Industry in
Illinois

2. A discussion and analysis of the state of each utility industry regulated by the Commission and significant changes, trends and developments therein, including the number of types of firms offering each utility service, existing, new and prospective technologies, variations in the quality, availability and price for utility services in different geographic areas of the State, and any other industry factors or circumstances which may affect the public interest or the regulation of such industries.

SIGNIFICANT DEVELOPMENTS IN THE ILLINOIS REGULATORY ENVIRONMENT

Many of the developments in the electric industry came in the aftermath of the end of the rate reductions and freeze originally set forth in the Electric Service Customer Choice and Rate Relief Law of 1997 ("the 1997 Law"). Concern over higher rates subsequent to the end of the rate freeze culminated in the Illinois Power Agency Act, P.A. 095-0481 ("the IPAA"). The IPAA created a state agency, the Illinois Power Agency, to procure power and renewable energy resources for Commonwealth Edison Company ("Commonwealth Edison") and the three Illinois Ameren Companies (AmerenCILCO, AmerenCIPS, and AmerenIP). In addition, the IPAA required that major utilities meet goals for energy efficiency and demand response programs.

Public Act 96-0033 (Senate Bill 1918), which became effective in 2009, produced significant changes for Illinois electric and gas public utilities, their customers, and the Commission. This Act directed electric and gas utilities serving more than 100,000 customers to offer percentage of income payment plans to their customers; these plans would provide assistance to customers paying more than 6% of their income for electric and gas utility bills combined. The Act also directs the same electric and gas utilities to offer their customers on-bill financing for the purchase of cost-effective energy efficiency measures. It allows all electric and gas utilities to recover excess bad debt expenses through an automatic rate adjustment mechanism generally known as a "rider." The Act clarified the deadline for the electric utilities to file plans outlining energy efficiency and demand response measures, and required gas utilities with more than 100,000 customers to implement energy efficiency measures. The Act also added restrictions on the employment of former Commissioners and Commission employees, required the Commission to address specifically utility rate case expenditures for attorneys and experts in each general rate case, required transcripts of all Commission meetings to be a part of the record in each case, and expanded the scope of prohibited communications pertaining to rate matters. Finally, the Act imposed renewable portfolio standards on alternative retail electric suppliers and utilities operating outside their service territories.

ELECTRIC POWER PROCUREMENT OBLIGATIONS

Wholesale electricity purchased by Commonwealth Edison Company ("ComEd") and Ameren Illinois Companies is subject to Section 1-75 of the Illinois Power Agency Act ("IPA Act")¹ and Section 16-111.5 of the Public Utilities Act ("PUA")². These laws include the following major features:

- An annual procurement plan is prepared by the Illinois Power Agency ("IPA").
 - A draft plan is first submitted (by August 15) and subject to a 30-day public comment period.
 - At the end of the 30-days, the revised plan is filed with the Commission.
 - Parties have five days to raise objections with the filed plan.
 - The Commission has another five days to determine if hearings should be held.
 - A Commission order approving or modifying the plan must be entered within 90 days of the plan filing.³
- Procurement of "standard products" must be made through sealed-bid, pay-as-bid RFP processes.
- Procurement of "renewable energy resources" is also required according to the States' renewable portfolio standard ("RPS"), consisting of a schedule and a set of restrictions and preferences detailed in Section 1-75(c) of the IPA Act⁴.
- The RFP process is conducted by an IPA-hired and Commission-approved "procurement administrator."
- The RFP process is monitored by a Commission-hired "procurement monitor." At present, the Commission's procurement monitor is the consulting firm of Boston Pacific Company.

¹ 20 ILCS 3855/1-75

² 220 ILCS 5/16-111.5

³ There is currently a procurement plan proceeding before the Commission (Docket 09-0373), and Ex Parte laws prevent any discussion of that case within this briefing.

⁴ 20 ILCS 3855/1-75(c)

- The procurement administrator and monitor independently submit to the Commission confidential reports within two business days after the receipt of bids.
- The Commission reviews the confidential reports and either accepts or rejects the recommendations of the procurement administrator within two business days after receipt of the reports.
- If, by the above action, the Commission approves of utilities entering into contracts, then contracts with winning bidders are executed within three business days.

To date, the implementation of plans subject to the above-cited portions of the IPA Act and the PUA has concluded with a series of five separate bidding events in the spring for five types of contracts:

1. Financial energy swaps entered into by Ameren to establish fixed-quantity price hedges vis-à-vis MISO⁵ day-ahead and real-time spot prices over portions of a one to three-year period.
2. Analogous physical energy contracts entered into by ComEd, to establish fixed-quantity price hedges vis-à-vis PJM⁶ day-ahead and real-time spot prices over portions of a one to three-year period.
3. Contracts for a fixed quantity of renewable energy certificate ("REC") generated during the upcoming 12-month plan year, in order to enable Ameren to satisfy the State's RPS.
4. Analogous REC contracts to enable ComEd to satisfy the State's RPS.
5. Capacity contracts to enable Ameren to satisfy resource adequacy requirements of MISO over portions of a one to three-year period.⁷

The results of previous procurements can be found on the Commission's web site at <http://www.icc.illinois.gov/electricity/ElectricityProcurement.aspx>.

Shortly after the conclusion of the spring procurement events, Ameren and ComEd revise the base level of retail charges through which the costs of electricity and RECs are recovered from customers. Actual revenues and actual costs are monitored on a monthly basis, and rates are adjusted, as necessary, to minimize the accumulation of a revenue-cost imbalance. An annual audit and reconciliation proceeding is also held.

RETAIL ELECTRIC CHOICE

The Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electric service industry to allow for competition among suppliers. The 1997 Law established a fixed timetable for the introduction of electric retail choice in Illinois, beginning with approximately 64,000 non-residential electric customers, or about one-seventh of all non-residential customers, on October 1, 1999. An additional 609,000 non-residential customers became eligible for retail choice on January 1, 2001. An estimated 4.4 million Illinois residential customers became eligible for the retail choice program in May 2002. All customer classes are now eligible to choose alternative suppliers. At the end of December 2014, 86 suppliers were certified to serve nonresidential customers though 11 of those sought Commission authority to only serve themselves or affiliates. Sixty suppliers were certified to serve residential customers. As of October 31, 2014, over 2.7 million residential customers were purchasing power and energy from a Retail Electric Supplier (RES) and approximately 312,000 non-residential customers in Illinois were purchasing power and energy from a RES. The percentage of RES usage among non-residential customers with a peak demand above one megawatt in the service territories of Ameren Illinois and Commonwealth Edison remains around 90 percent. Detailed electric customer switching statistics can be viewed on the Commission's web page at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>.

Since electric competition was beneficial to larger commercial customers but little competitive activity occurred in the residential and smaller commercial customer classes, the Illinois General Assembly passed Public Act 94-1095 (the "Retail Electric Competition Act") in 2007 reiterating "its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all consumers." Public Act 94-1095 created the Office of Retail Market Development to actively

⁵ MISO is the Midwest Independent Transmission System Operator. It is the regional transmission organization ("RTO") to which Ameren belongs. MISO coordinates the movement of power in 13 U.S. states and the Canadian province of Manitoba. <http://www.midwestiso.org>

⁶ PJM is the PJM Interconnection, which is the RTO to which ComEd belongs. PJM coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. Originally, it operated within Pennsylvania, New Jersey, and Maryland; hence the name, PJM. <http://www.pjm.com/>

⁷ ComEd has been authorized by previous approved procurement plans to satisfy resource adequacy requirements through payments directly to PJM, derived through PJM's Reliability Pricing Model ("RPM").

seek out ways to promote retail competition in Illinois to benefit all consumers. The Office of Retail Market Development has spent much of its time with the implementation of Public Act 95-0700 (which became effective November 2007) requiring Commonwealth Edison and Ameren Illinois to provide utility consolidated billing and the purchase of RES receivables. The requirements of Public Act 95-0700 were designed to remove some barriers to competition for residential and small commercial customers in Illinois. Ameren implemented a utility consolidated billing and purchase of receivables program on October 17, 2009. ComEd's consolidated billing and purchase of receivables program was implemented its program on December 21, 2010. Public Act 95-0700 also requires Ameren Illinois and ComEd to implement a purchase of uncollectibles or POU program. The Commission approved the Ameren Illinois program on November 8, 2011 and the program has since been implemented. ComEd filed its POU tariffs on May 15, 2011 and the Commission entered an order approving the program in March 2012.

In the Commission's Order on August 19, 2009 approving the Ameren Illinois Utilities' consolidated billing and purchase of receivables program, the Commission concluded that, "consumer education and protection are both very important to any program implementing customer choice, particularly for smaller customers." Staff was ordered to submit a proposed First Notice Rule of consumer protections and education measures by the end of 2009. Staff submitted to the Commission proposed obligations of retail electric suppliers which include additional consumer protections and education measures. On December 2, 2009, the Commission entered a First Notice Rule and initiated a Docket to provide interested parties further opportunities to comment on Staff's proposal. On November 22, 2011 the Commission entered a Second Notice Order and submitted the rule to the Joint Committee on Administrative Rules of the Illinois General Assembly, pursuant to Section 5-40(c) of the Illinois Administrative Procedure Act. Additional obligations of RESs included in the proposed rules include uniform disclosures, marketing requirements, a "Do Not Market List", training requirements for sales agents, a longer rescission period, record retention and availability requirements, notification of contract renewal and dispute resolution procedures. On December 5, 2012, the Commission entered a final order adopting Illinois Administrative Code Part 412 Obligations of Retail Electric Suppliers.

On July 31, 2012, the Commission entered an order initiating a proceeding to develop rules regarding municipal aggregation to implement the appropriate provisions of the Illinois Power Agency Act and the Public Utilities Act. On November 1, 2012, Staff filed its comments including a draft rule and on November 6, 2013, the Commission entered its First Notice Order. The municipal aggregation rulemaking proceeding is ongoing in ICC Docket No. 12-0456. On September 30, 2014, the Commission initiated a Notice of Inquiry ("NOI") as a vehicle for gathering information and opinions on retail market issues that have been experienced thus far including proposals to create definitions for "fixed" and "variable" rate offers as well as additional ways to enhance consumer education.

DISCUSSION OF THE QUALITY, AVAILABILITY, AND PRICE OF UTILITY SERVICES BY GEOGRAPHIC AREA

ELECTRICITY

Four investor-owned public utilities provide electric service to retail customers in the State of Illinois:⁸

Ameren Illinois Company
Commonwealth Edison Company
MidAmerican Energy Company
Mt. Carmel Public Utility Company

Municipal systems and electric cooperatives also provide electric service in Illinois; these municipal systems and electric cooperatives are not subject to regulation by the Commission.⁹

A detailed presentation of the 2013 sales statistics presented below can be found in the Commission's "Comparison of Electric Sales Statistics for Calendar Years 2013 and 2012" at <http://www.icc.illinois.gov/publicutility/salesstatistics.aspx>.

Northern Illinois

Two investor-owned public utilities provide electric service in northern Illinois: Commonwealth Edison Company, and MidAmerican Energy Company. Commonwealth Edison Company serves 3,842,198 customers in the northern Illinois, including the Chicago metropolitan area. MidAmerican Energy Company serves 85,015 customers in northwestern Illinois.

⁸ On October 1, 2010, AmerenCILCO, AmerenCIPS, and AmerenIP merged into one operating company based in Peoria, called Ameren Illinois Company.

⁹ Data concerning quality, availability, and price for these municipal electric systems and electric cooperatives are not reported to the Commission and are not included in this report.

For 2009 through 2013, these two utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Commonwealth Edison	10.91	11.44	11.77	11.56	10.27
MidAmerican Energy	6.07	6.19	6.21	6.50	6.83

Central Illinois and Southern Illinois

Two investor-owned public utilities provide electric service to central and southern Illinois: Ameren Illinois Company (AIC) and Mt. Carmel Public Utility Company. AIC serves 1,222,570 customers in central and southern Illinois. Mt. Carmel Public Utility Company serves 5,360 customers in southeastern Illinois.

For 2009 through 2013, these utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
AmerenCILCO	9.38				
AmerenCIPS	9.69				
AmerenIP	10.87				
AIC		9.69	9.46	8.94	8.06
Mt. Carmel	12.82	12.45	12.53	13.07	12.36

The bundled service price of electricity sold by these electric utilities varied between utilities and within utilities depending upon the class of customer served.

Electric Reliability

Pursuant to Section 16-125 of the Public Utilities Act and the Commission's electric reliability rules found in 83 Ill. Adm. Code 411, each of the electric utilities under the Commission's jurisdiction files an annual electric reliability report summarizing the utility's reliability performance, its actions to maintain or improve its reliability, and other electric system reliability issues that may be specific to the utility. Ameren Illinois Company (AIC), Commonwealth Edison Company (ComEd), MidAmerican Energy Company (MEC), and Mount Carmel Public Utility Company (MCPU) filed annual electric reliability reports in 2013. The annual electric reliability reports can be found on the Commission's web site at: <http://www.icc.illinois.gov/electricity/electricreliability.aspx>.

The following table presents the annual CAIDI each utility reported for the years 2009 through 2013. CAIDI, expressed in minutes, provides the average duration of interruptions that customers of each of the reporting electric utilities experienced. CAIDI is calculated by dividing the annual sum of all customer interruption durations by the total number of customer interruptions.

CAIDI					
	2009	2010	2011	2012	2013
AmerenCILCO	197	188			
AmerenCIPS	462	107			
AmerenIP	187	166			
Ameren Illinois Company	297	152	234	136	199
Commonwealth Edison Company	112	181	366	196	143
MidAmerican Energy Company	106	172	87	84	211
Mt. Carmel Public Utility Company	76	121	154	93	105

The following table presents the annual SAIFI each utility reported for the years 2009 through 2013. SAIFI provides the average number of electric service interruptions that customers of each of the reporting electric utilities experienced. SAIFI is calculated by dividing the total number of customer interruptions that occurred on the utility's system by the total number of customers that the utility served (as with CAIDI, a lower value means better reliability).

SAIFI					
	2009	2010	2011	2012	2013
AmerenCILCO	1.37	1.33			
AmerenCIPS	1.51	1.13			
AmerenIP	0.99	1.08			
Ameren Illinois Company	1.22	1.14	1.35	1.05	1.44
Commonwealth Edison Company	1.01	1.35	1.57	1.16	0.99
MidAmerican Energy Company	2.51	2.99	2.04	2.36	2.24
Mt. Carmel Public Utility Company	2.32	4.89	6.26	3.57	4.01

NATURAL GAS

Nine (9) investor-owned gas public utilities currently provide natural gas service in the State of Illinois:

- Ameren Illinois
- Consumers Gas Company
- Illinois Gas Company
- Liberty Utilities
- MidAmerican Energy Company
- Mt. Carmel Public Utility Company
- Nicor Gas Company
- North Shore Gas Company
- Peoples Gas Light and Coke Company.

Municipal gas systems and gas cooperatives also provide natural gas service in Illinois; these municipal gas systems and gas cooperatives are subject to regulation by the Commission.¹¹

During 2014, natural gas service was available without major interruption to all firm customers served by these nine Illinois gas utilities. A considerable number of commercial and industrial customers chose to purchase gas directly from wholesale suppliers and use the local gas utility as a transporter. Additionally, residential customers served by Nicor Gas Company, North Shore Gas Company, Peoples Gas Light and Coke Company are allowed to purchase gas directly from wholesale suppliers. During 2015, sufficient supplies of natural gas are expected to be available to all customers.

A detailed presentation of the 2013 sales statistics presented below can be found in the Commission's "Comparison of Gas Sales Statistics for Calendar Years 2013 and 2012" at <http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?type=g>.

Northern Illinois

Four public utilities distribute and sell natural gas in northern Illinois: MidAmerican Energy Company, Nicor Gas Company, North Shore Gas Company, and Peoples Gas Light and Coke Company.

Nicor Gas Company is the largest gas distribution company in the state and provides service to 1,907,867 customers in northern Illinois. Peoples Gas Light and Coke Company, which serves the City of Chicago, has 781,404 customers. North Shore Gas Company serves 147,224 gas customers in communities north of the Chicago area. Finally, MidAmerican Energy Company serves 65,319 customers in northwestern Illinois.

¹¹ Data concerning quality, availability, and price for these municipal gas systems and gas cooperatives are not reported to the Commission and are not included in this report.

As with the price of electricity, the price of gas varies among utilities and is generally determined by the suppliers of natural gas that serve the local distribution company.

For 2009 through 2013, these four utilities charged the following average prices shown in cents per therm:

	2009	2010	2011	2012	2013
MidAmerican	76.94¢	84.11¢	82.47¢	78.36¢	77.81¢
Nicor Gas	68.26	75.65	68.50	58.26	58.44
North Shore	89.93	89.86	82.56	75.88	78.63
Peoples Gas	96.14	96.54	87.85	86.25	91.71

Central and Southern Illinois

Only one public utility distributes and sells natural gas in central Illinois – Ameren Illinois. Ameren Illinois provides gas service to 806,903 customers, making it the second largest gas utility in the state. Gas distribution and sale of natural gas is provided in southern Illinois by Ameren Illinois and the following four smaller distribution companies: Consumers Gas Company, Illinois Gas Company, Liberty Utilities, and Mt. Carmel Public Utility Company. Liberty Utilities provides service to 22,244 customers in a number of distinct service areas in southern Illinois. Illinois Gas Company serves 9,598 customers in the Lawrenceville-Olney area. Consumers Gas Company serves 5,409 customers in the Carmi area. Finally, Mt. Carmel Public Utility Company serves 3,509 customers in the Mt. Carmel area.

For 2009 through 2013, these five utilities charged the following average prices shown in cents per therm:

	2009	2010	2011	2012	2013
Ameren Illinois	101.90¢	101.23¢	99.82¢	105.08¢	92.52¢
Consumers Gas	102.27	90.97	81.48	81.70	72.27
Illinois Gas	91.05	89.15	84.04	78.84	80.79
Liberty Utilities	91.08	88.26	91.53	84.81	81.42
Mt. Carmel	131.74	119.80	98.28	88.94	91.61

Table 2-2

The price of gas sold by the gas utilities varied between utilities and within utilities depending upon the class of customer served. A major portion of the price per therm of gas is determined by the suppliers of natural gas that serve the local distribution company. Table 2-2 shows detailed 2013 price per therm information for all gas utilities under the Commission's jurisdiction.

Table 2-2
Illinois Gas Utilities
Revenue in Cents per Therm by Class of Service and by Company
2013

	<u>Ameren Illinois</u>	<u>Consumers Gas</u>	<u>Illinois Gas</u>	<u>Liberty Utilities</u>	
Residential Sales	97.83	76.94	89.43	85.82	
Small (or Commercial) Sales	88.60	70.85	78.56	75.27	
Large (or Industrial) Sales	47.56	55.07	64.57	62.87	
Other Sales To Public Authorities	45.17		-	66.44	
Total Sales To Ultimate Customers	92.52	72.27	80.79	81.42	
	<u>Mid- American</u>	<u>Mt. Carmel</u>	<u>Nicor Gas</u>	<u>North Shore Gas</u>	<u>Peoples Gas</u>
Residential Sales	83.58	95.02	59.11	79.84	94.19
Small (or Commercial) Sales	69.83	84.32	56.71	73.80	80.59
Large (or Industrial) Sales	49.38	-	51.71	67.39	73.33
Other Sales To Public Authorities	-	-	-	-	-
Total Sales To Ultimate Customers	77.81	91.61	58.44	78.63	91.71

WATER AND SEWER UTILITIES

Overview

The Commission currently regulates 24 water, 3 sewer, and 11 combined water and sewer investor-owned utilities. While the number of investor-owned utilities is a small percentage of the 1,755 community public water suppliers and 850 public sanitary sewage systems with treatment facilities in the state, these investor-owned utilities provide water service to approximately 924,000 people and sewer service to approximately 114,000 people. Investor-owned water utilities serve 7.7% of all persons in Illinois receiving water service from community public water supplies. These investor-owned water and sewer utilities serve customers in 35 counties and are primarily concentrated in the Chicago metropolitan area. The number of water and sewer customers served by each investor-owned utility ranges from 24 to 308,117. Only seven investor-owned water utilities and three investor-owned sewer utilities serve more than 1,000 customers. See Table 2-3 for a comparison of bills for investor-owned water utilities providing service to 1,000 customers or more.

The Commission has continued its efforts to reduce the number of small utilities. Small utilities, due to their limited number of customers, typically have difficulties generating sufficient revenues to maintain the system and to hire employees with the necessary expertise to function efficiently as an investor-owned utility. The Commission has found that, in most cases, customers receive better service from larger utilities due to the economies of scale. The Commission has promoted acquisitions or mergers of small systems by larger municipal and investor-owned utilities to take advantage of these economies of scale. Larger investor-owned utilities may also acquire utility systems of small municipalities for the same purpose. When acquisitions and mergers are not practical, the possibility exists of operating a small system as a mutual operation by a homeowners association. Mutual operations, which are exempt from Commission jurisdiction, often result in lower costs to customers for small systems. This type of activity was evident during 2013:

- The Water Engineering Program continued to work with the owners of Colonial Meadows Water Company, Eastwood Manor Water Company, Nunda Utility Company, Crystal Clear Water Company, McHenry Shores Water Company, Rockvale Corporation, Forestview Utilities Corporation, and Powers Water Company, Inc., whom expressed a desire to sell these small, struggling investor-owned water and sewer utilities in McLean, McHenry, Ogle, Woodford, and Kane Counties.
- In August, the Commission issued a Certificate of Public Convenience and Necessity to Illinois-American Water Company, which acquired the water system of the City of Grafton, a small municipality in Jersey County (Docket No. 13-0073). Illinois-American previously supplied water to Grafton on a wholesale basis.
- In September, the Commission issued a Certificate of Public Convenience and Necessity to Aqua Illinois, Inc., which acquired the water and wastewater systems of Woodlawn Utilities Corporation and the water system of Nordic Park Water and Sewerage Disposal Company, Inc., small investor-owned water and sewer utilities in Ogle and Winnebago Counties (Docket No. 13-0155).
- In October, the Commission issued a Certificate of Public Convenience and Necessity to Aqua Illinois, Inc., which acquired the wastewater system of the Village of Sun River Terrace, a small municipality in Kankakee County (Docket No. 13-0308). Aqua Illinois had previously acquired the water system of Sun River Terrace in 2008.
- Also in October, Galena Territory Utilities, Inc., a subsidiary of Utilities, Inc., filed an application to acquire the water and wastewater systems of the Village of Oakwood, a small municipality in Vermilion County (Docket No. 13-0564), and Aqua Illinois, Inc. filed an application to acquire the water system of McHenry Shores Water Company, a small investor-owned water utility in McHenry County (Docket No. 13-0595).

Regulatory Activities

The Commission issued Orders and approvals in the following rate cases:

- In January, approved revised tariffs increasing water rates for Lake Marian Water Corporation and Wildwood Water Service Company, two subsidiaries of Utilities, Inc., through the Simplified Rate Case Procedures
- In February, approved revised tariffs increasing water rates for Holiday Hills Utilities, Inc., a subsidiary of Utilities, Inc., through the Simplified Rate Case Procedures
- In August, issued an Order approving a water rates increase for Apple Canyon Utility Company and Lake Wildwood Utilities Corporation, two subsidiaries of Utilities, Inc. (Docket Nos. 12-0603 and 12-0604 consolidated)
- In December, approved revised tariffs increasing water rates for Powers Water Company, Inc. through the Simplified Rate Case Procedures

In addition to the above rate cases, in September 2013, Crystal Clear Water Company and Nunda Utility Company filed applications for a general water rate increase using the Simplified Rate Case Procedures.

Some investor-owned utilities continue to use purchased water and sewage treatment surcharges and qualifying infrastructure plant surcharges. Purchased water and sewage treatment surcharges allow utilities to pass their cost of purchasing water or sewage treatment directly to the end-use customers. Qualifying infrastructure plant surcharges allow utilities to recover the cost of replacement mains, services, meters, and hydrants until such time that those investments are placed into rate base through the rate setting process. Currently, Harbor Ridge Utilities, Inc. and Illinois-American Water Company have purchased sewage treatment surcharges; Charmar Water Company, Del-Mar Water Company, Illinois-American Water Company, and Aqua Illinois, Inc., have purchased water surcharges; and Aqua Illinois, Inc. and Illinois-American Water Company have qualifying infrastructure plant surcharges.

Discussion of Water and Sewer Utilities

Water supplies for investor-owned water utilities were generally adequate in 2013.

Two of the larger investor-owned water utilities serve municipalities adjacent to the state's major rivers; these utilities use the rivers as their source of water supply. River supplies are generally adequate. When treated, the river water meets the standards established by the Illinois EPA.

Most of the smaller investor-owned water utilities serve unincorporated residential developments, often a single subdivision, and are typically located in the northern half of the state. Wells serve as the source of water supply for all small systems. Well water quality varies considerably, and well water can contain undesirable minerals such as iron, manganese, and calcium; these minerals, while not unsafe to health, do cause aesthetic problems. Aesthetic problems have caused several well systems located in the Chicago metropolitan area to obtain Lake Michigan water.

Bills for water service typically reflect a flat meter charge and a volumetric charge. Utilities that incorporate multiple volumetric charges use a declining block rate structure. Two of the large investor-owned water utilities also charge for providing fire protection service. The water rates vary considerably and depend on many factors, including the age of the water treatment plant and treatment process, the source of the water supply, and the need for infrastructure improvements. Overall, water bills for residential customers average \$40 to \$45 per month.

Of the 14 investor-owned utilities that provide sewer service, only three systems provide service to more than 1,000 customers. Due to the prohibitive cost of constructing new sewage treatment plants for a limited number of customers, the smallest sewer systems have, where possible, sought treatment from nearby regional plants. For example, sewer utilities located within the boundaries of the Metropolitan Water Reclamation District of Greater Chicago ("MWRD") discharge their wastewater to the MWRD for treatment. The investor-owned sewer utilities provide sewer service primarily to residential customers and serve a very limited number of commercial and industrial customers.

Bills for sewer service typically reflect flat rate charges or volumetric charges based on water usage, since metering of sewage flow is uneconomical and impractical for residential customers. The sewer rates vary considerably and depend on many factors, including the age of the sewage treatment plant and treatment criteria for the receiving stream. Overall, sewer bills for residential customers average \$35 to \$40 per month.

Table 2-3

Table 2-3 presents a comparison of monthly bills for residential customers of investor-owned water utilities providing service to 1,000 customers or more.

Table 2-3
Illinois Water Utility Rate Areas Serving 1,000 or More Customers
Comparison of Monthly Bills — Residential Customers with 5/8 Inch Meters
Based upon Rates in Effect on November 30, 2013

Area of State/ Utilities/ Service Areas	Total Number of Customers	Bill Comparison Based upon Water Usage		
		1,000 Gallons	5,000 Gallons	10,000 Gallons
NORTHERN				
Apple Canyon	2,666	\$ 26.34	\$ 53.18	\$ 86.73
Aqua Illinois				
Candlewick	1,839	20.71	39.59	63.19
Kankakee	28,667	25.48	47.94	76.00
University Park	2,396	19.89	32.99	49.37
Willowbrook	1,017	28.79	54.95	87.64
Galena Territory	2,254	19.59	46.47	80.07
Illinois-American				
Chicago Metro				
Well Water	1,553	28.23	48.75	74.39
Lake Water				
Chicago Suburban	4,314	41.86	65.99	96.14
DuPage County	6,201	37.95	68.90	107.95
Fernway	1,980	30.64	60.49	97.79
Sante Fe/SW & W Suburban	29,236	32.92	72.21	121.31
South Beloit	2,772	25.67	47.04	73.75
Sterling	6,445	25.16	45.68	71.33
Streator	7,425	25.73	46.25	71.90
Lake Holiday	2,043	9.98	29.02	52.82
Lake Wildwood	1,423	38.72	67.32	103.07
Whispering Hills	2,370	16.61	32.11	51.48
CENTRAL				
Aqua Illinois				
Vermilion	20,350	28.22	55.02	88.52
Illinois-American				
Champaign	52,173	25.19	45.71	71.36
Lincoln	5,758	26.03	45.00	68.71
Pekin	14,037	26.12	37.32	51.32
Peoria	52,478	25.91	46.43	72.08
Pontiac	4,288	25.25	45.77	71.81
SOUTHERN				
Illinois-American				
Alton	17,527	25.02	45.54	71.19
Cairo	1,045	33.70	54.22	79.86
Interurban	67,598	24.91	45.42	71.07

FINANCIAL HEALTH OF THE UTILITY INDUSTRY IN ILLINOIS

Credit ratings are the single most comprehensive and widely accepted measure of the financial condition of a business enterprise. Several independent financial research firms provide rating services, which categorize corporate debt issues based on default risk. All of the major electric and natural gas utilities serving Illinois have ratings assigned to their debt issues.

There is no formula for determining credit ratings. In assigning ratings to a firm's debt, rating agencies consider both qualitative and quantitative factors. For a public utility, rating agencies review financial information, which can be separated into six categories: debt leverage, construction and asset concentration risks, earnings protection, financial flexibility and capital attraction, cash flow adequacy, and accounting quality. Non-financial rating criteria include service territory characteristics, fuel supply and generating capacity, operating efficiency, regulatory treatment, and management.

Standard and Poor's defines its highest issuer credit ratings as follows:

AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. (Source: Standard & Poor's, RatingsDirect on the Global Credit Portal, August 20, 2010, pp. 3-4)

The following table shows the average nationwide electric utility industry credit rating, as well as the ratings for the three major electric utilities serving the State of Illinois. The majority of the operations of MidAmerican Energy Company are in other states.

**Standard and Poor's Electric Utility Credit Ratings
November 2010 through November 2014**

	2010	2011	2012	2013	2014
Electric Utility Industry Average	BBB	BBB	BBB	BBB	BBB+
Ameren Illinois	BBB-	BBB-	BBB-	BBB+	BBB+
Commonwealth Edison	BBB	BBB	BBB	BBB	BBB
MidAmerican	A-	A-	A-	A-	A-

The next table below presents credit ratings for the three major natural gas distribution utilities serving the State of Illinois and the average credit rating for the nationwide natural gas distribution industry.

**Standard and Poor's Gas Utility Credit Ratings
November 2010 through November 2014**

	2010	2011	2012	2013	2014
Gas Distribution Industry Average	A-	A-	A-	A-	A-
Nicor Gas	AA	AA	BBB+	BBB+	BBB+
North Shore	BBB+	BBB+	A-	A-	A-

Peoples Gas	BBB+	BBB+	A-	A-	A-
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Standard & Poor's downgraded Nicor Gas' credit rating from AA to BBB+ following AGL Resources' acquisition of Nicor Gas in December 2011.

Illinois-American Water, the largest water utility serving the State of Illinois, raises debt through a financing affiliate, American Water Capital. None of the water utilities serving Illinois has its own credit ratings. The next table presents credit ratings for American Water Capital and the average credit rating for the nationwide water utility industry.

**Standard and Poor's Gas Utility Credit Ratings
November 2010 through November 2014**

	2010	2011	2011	2013	2014
Water Industry Average	BBB+	A-	A-	A-	A-
American Water Capital	A-	A-	A-	A-	A-

SECTION 3

A Discussion of Energy Planning

(3) A Specific Discussion of the Energy Planning Responsibilities and Activities of the Commission and Energy Utilities Including:

(a) The extent to which conservation, cogeneration, renewable energy technologies and improvements in energy efficiency are being utilized by energy consumers, the extent to which additional potential exists for the economical utilization of such supplies, and a description of existing and proposed programs and policies designed to promote and encourage such utilization;

(b) A Description of each Energy Plan filed with the Commission pursuant to the Provisions of this Act and a copy or detailed summary of the most recent energy plans adopted by the Commission."

INTEGRATED RESOURCE PLANNING

Section 8-402 of the Public Utilities Act, which set forth the Commission's resource planning responsibilities, was repealed by P.A. 90-561, effective December 16, 1997. The Commission disbanded the Energy Programs Division immediately thereafter.

COGENERATION

Commission Rule

The rules, for the transfer of electric power between independent generating facilities and regulated electric utilities in Illinois, are established by 83 Ill. Adm. Code 430. All utilities operating in Illinois must abide by these rules except for cooperatives and municipal utilities, both of which are not regulated by the Commission.

The most important portion of the rules is the requirement that a utility must purchase cogenerated power at a price commensurate with the utility's avoided cost. Table 3-1 lists the 2014 avoided costs as filed annually by Illinois electric utilities.

Special Rates

Cogeneration/self generation displacement and deferral rates can be in the form of special contracts or designed as tariffs. In each case, the Commission's position has been to promote economic cogeneration or self generation, while avoiding uneconomic bypass of a utility's system. When the cogeneration or self generation discount rate brings a customer's individual rate closer to the utility's marginal cost of providing service, uneconomic bypass is less likely to occur.

Table 3-1
Illinois Electric Utilities
Avoided Cost Rate Structure
2014

<u>Electric Utility</u>	<u>Summer Rates</u>	<u>Winter Rates</u>
AmerenIL		
On-Peak	5.364¢/kWh	4.484¢/kWh
Off-Peak	2.962¢/kWh	3.632¢/kWh
Commonwealth Edison		
On-Peak	4.870¢/kWh	3.965¢/kWh
Off-Peak	2.972¢/kWh	2.874¢/kWh
MidAmerican Energy		
On-Peak	2.650¢/kWh	1.990¢/kWh
Off-Peak	1.720¢/kWh	1.020¢/kWh
Mt. Carmel Public Utility		
On-Peak	4.0535¢/kWh	4.0535¢/kWh
Off-Peak	4.0535¢/kWh	4.0535¢/kWh

Source: Annual filings of Illinois electric utilities pursuant to 83 Ill. Adm. Code 430.110.

Please note: Time differentiated rate pricing is shown at transmission or subtransmission levels where possible; additional credits are available at lower voltages, loads, and times (except for Mt. Carmel). See each utility filing for exact avoided energy costs under specific conditions

SECTION 4

Availability of Utility Services to All Persons

(4) A discussion of the extent to which utility services are available to all Illinois citizens including:

(a) Percentage and number of persons or households requiring each such service who are not receiving such service, and the reasons therefore, including specifically the number of such persons or households who are unable to afford such service.

(4-b) a critical analysis of existing programs designed to promote and preserve the availability and affordability of utility services.

The information necessary to determine the number of persons lacking utility service within the state is difficult to obtain. Part of the difficulty is that all utility companies within the state track accounts by residence and not by customer name. Thus, a utility could determine if a particular residence was disconnected and therefore no longer receiving service, but the utility would have no way of knowing whether that household regained service under another name in its own service territory or perhaps under the same name in a different service territory. In addition, persons disconnected might also move in with an acquaintance already receiving service or they might acquire service supplied by an electric co-operative or municipality over which we have no jurisdiction. Further, if the intent of the question is to ascertain the number of persons without access to a source of heat, the existence of non-utility sources such as wood stoves and kerosene heaters would further complicate the answer, thus the myriad of possibilities makes a truly accurate figure very elusive.

Although the Commission has limited resources available to determine the number of persons within the state lacking some type of utility service, and granting the uncertainty in accuracy of such a statistic, an estimate may be obtained by analyzing the disconnection and reconnection data provided to the Commission by all utilities.

To determine a rough estimate of the number of persons lacking utility service, one can look at the aggregate disconnection/reconnection figures for a 12-month period. The results for the period of December 2013 through November 2014 are as follows.

The average heat related residential class customer base equaled 7,966,207 households. In this class, 245,261 accounts were disconnected and 163,033 were reconnected. This yields a 66.47 percent reconnection rate leaving 82,228 accounts not reconnected. The disconnected accounts represent 3.08 percent of the average residential customer base, while those accounts not reconnected represent a rate of 2.05 percent.

The Commission is aware of its obligations to minimize the dangers arising from unnecessary termination of gas and/or electric space heating service during the winter months. To minimize these dangers and be responsive to the needs of both Illinois consumers and the utilities that serve those consumers, the Commission has developed rules and regulations concerning the termination and reconnection of space heating service during the winter months. Many of these rules have since been enacted into law. In addition, the Commission has continued to refine its other rules regarding utility credit and collection activities to help Illinois utility consumers make timely payments on their obligations to utility companies and thus avoid termination of utility service. The following discussion is a synopsis of current regulations designed to promote and preserve the availability and affordability of residential utility services.

Temperature-Based Termination

If gas or electric service is the only source of space heating or if electricity is used to control the only space heating equipment such as an electric blower fan on a gas furnace, these services may not be disconnected on any day when the National Weather Service forecasts that the temperature for the next 24 hours will be 32 degrees or below, or on a day before a holiday or weekend when the weather is forecasted to be 32 degrees or below any time before the next business day.

If gas or electricity is used as the only source of space cooling or to control or operate the only space cooling equipment at a residence or master-metered apartment building, then a utility with over 100,000 residential customers may not terminate gas or electric utility service to the residential user, including all tenants of master-metered apartment buildings on a day when the National

Weather Service forecasts that the temperature for the next 24 hours will be 95 degree or above, or on a day before a holiday or weekend when the weather is forecasted to be 95 degrees or above any time during the holiday weekend.

Disconnection of Military Personnel on Active Duty

Utilities are prohibited from disconnecting gas and electric service to military personnel in military service for non-payment.

Disconnection of Certain Customers During the Winter Heating Season

Customers Receiving LIHEAP funds

During the winter heating season (December 1 through March 31) residential customers who receive Low Income Home Energy Assistance Program funds may not be disconnected if the services are used as the primary source of heating or to control or operate the primary source of heating.

Certain Electric Space-Heating Customers

During the winter heating season (December 1 through March 31) a public utility serving more than 100,000 electric customers may not be disconnect electric service to a residential space heating customer for non-payment.

Preferred Payment Date

Current residential customers who receive certain types of benefit checks out of cycle with their utility bills are allowed up to ten days subsequent to the customer's regular due date to make payment without penalty. This has benefited the low-income, elderly, and unemployed customers since they are able to avoid late payment charges and, in many cases, avoid paying a deposit to the utility.

Deferred Payment Agreement

This agreement allows a customer who owes the utility for a past due bill to maintain utility service by paying the past due amount in installments over a period of four to twelve months while continuing to pay current bills as they become due. Of the customers whose service was reconnected during the winter of 2012-2013 and who were given a payment plan, 48.54 percent were allowed six months or longer to pay the past due amount. Depending on the outstanding amount, the amount of the current bills, and the customer's income, this rule helps many customers, but it falls short of assisting those customers who simply have utility bills that are greater than their income can afford. Commission rules do allow for reinstatement after default and renegotiation of the payment agreement if the customer's financial circumstances change for the worse.

Reconnection

This rule provides that residential customers disconnected prior to the winter heating season and those customers disconnected during the winter heating season (December 1 through March 31) may be reconnected upon the payment of one third of the amount due to the company. If financial inability to pay this amount is shown, one-fifth of the amount owed may be paid. The customer then must enter into a payment plan to pay the balance of the outstanding amount owed to the utility. It should be noted that in many cases the amounts paid to have service restored are obtained through grants from community organizations or through the Low Income Home Energy Assistance Program (LIHEAP) administered by Department of Commerce and Economic Opportunity.

The reconnection rule further states that this provision is available between November 1 and April 1 of the current heating season; that reconnection under this provision cannot be used in two consecutive years; that the former customer must have paid at least one third of the amount billed subsequent to December 1 of the prior year; and that the program is not available if any evidence of tampering with the meter is discovered.

As required in the "winter reconnection" rule, on or about October 1, 2013, letters were sent to 38,838 former customers statewide who, according to utility records, were not then receiving heat related utility service. A total of 9,787 former customers requested that their service be reconnected. Of these, 3,252 customers were reconnected upon payment of the total bill and 5,097 were reconnected upon payment of a portion of the past due utility bill. Reconnection requests of 1,468 customers were denied. The reasons for denial are categorized as follows:

- 31 former customers failed to make a required down payment;
- 3 former customers failed to pay one-third of the amounts billed since December 1, 2012;
- 1,368 former customers had been reconnected under this rule last year; and

66 former customers resided where equipment tampering or diverted utility service was detected.

The above information indicates that 29,051 former customers did not respond to the inquiries posed by the utilities. It is impossible to determine whether these households are truly without utility service and, if so, why they do not have service.

Financial Assistance

ICC-regulated utilities participate in the Low Income Home Energy Assistance Program (LIHEAP) administered by the Department of Commerce and Economic Opportunity (DCEO). LIHEAP provides a one-time grant to eligible low-income customers.

The Percentage of Income Payment Plan (PIPP) was implemented effective September 2011 and became available for LIHEAP eligible households who are customers of one of the following utilities: Ameren Illinois, ComEd, Nicor Gas and Peoples Gas/North Shore Gas. Under PIPP, a customer pays a percentage of income, receives a monthly benefit towards his or her utility bill and, arrearage reduction for every on-time payment the customer makes. DCEO administers this program.

(4-c) an analysis of the financial impact on utilities and other ratepayers of the inability of some customers or potential customers to afford utility service, including the number of service disconnections and reconnections, and cost thereof and the dollar amount of uncollectible accounts recovered through rates.

THE FINANCIAL IMPACT OF UNCOLLECTIBLE EXPENSES

Uncollectible expense for utilities represents revenue billed but not received for services rendered. Efforts are made to recover such revenue, but, after a certain period of time and effort, unpaid amounts are charged as an expense and recovered in the regular rates charged to all customers.

Public Act 96-0033 (SB 1918), signed into law on July 10, 2009, added Sections 16-111.8 (concerning electric utilities) and 19-145 (concerning gas utilities) to the PUA. These sections provide that an electric or gas utility shall be permitted to recover through an automatic adjustment clause the incremental difference between its actual uncollectible amount and the uncollectible amount included in rates. AmerenCILCO, AmerenCIPS, AmerenIP, ComEd, Peoples Gas, North Shore Gas, and Nicor Gas have tariffs on file with the Commission to enact the uncollectibles automatic adjustment clauses.

CONSUMER EDUCATION ACTIVITIES

Electric Customer Choice—"Plug In Illinois"

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electric utility industry. Section 16-117 of the Public Utilities Act requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights, and responsibilities.

The ICC Plug In Illinois website, located at www.pluginillinois.org, is updated as information changes and contains an overview of customer choice, guidelines for choosing an electric supplier including residential prices to compare for Ameren Illinois and Commonwealth Edison customers, a listing of RES offers for comparison and a list of municipalities pursuing aggregation programs.

Natural Gas Choice

In some parts of Illinois, natural gas utilities voluntarily offer their residential and small retail commercial customers the opportunity to choose their supplier of natural gas. Alternative Gas Suppliers offering service to these customers must be certified by the ICC. In accordance with Section 19-125 of the Public Utilities Act, the Commission website includes consumer education information to help residential and small commercial customers understand their gas supply options and their rights and responsibilities. The educational information includes choices available, guidance for selecting an alternative gas supplier, comparisons of the prices and terms of products offered by alternative suppliers and procedures for consumers to address complaints.

SECTION 5

Implementation of The Commission's Statutory Responsibilities

(5) A detailed description of the means by which the Commission is implementing its new statutory responsibilities under this Act, and the status of such implementation, including specifically:

(5-a) Commission reorganization resulting from the addition of an Executive Director and hearing examiner qualifications and review.

COMMISSION REORGANIZATION

During 2014, there were no organizational changes resulting from statutory responsibilities. Various changes made since the passage of the new Public Utilities Act have been reported in previous Commission annual reports.

(5-b) Commission responsibilities for construction and rate supervision, including construction cost audits, management audits, excess capacity adjustment, phase-ins of new plant and the means and capability for monitoring and reevaluating existing or future construction projects.

CONSTRUCTION AUDITS

Statutory Requirements

Section 8-407(b) and 9-213 of the 1986 Public Utilities Act grants the Commission the authority to conduct construction audits. Pursuant to Section 8-407(b), the Commission, after granting a certificate of public convenience and necessity for the construction of a new electric generating facility, is granted the authority to perform construction cost audits at any time during construction whenever the Commission has cause to believe that such an audit is necessary or beneficial to the efficiency or economy of construction.

Section 9-213 requires the Commission to perform an audit of the cost of new electric utility generating plants and significant additions to electric utility generating plants to determine if the cost is reasonable prior to including such construction costs in rate base.

Section 8-407 (b) and 9-213 both grant the Commission the authority to engage independent consultants to perform these audits. If an independent consultant performs a construction audit, the cost will be borne initially by the utility, but shall be recoverable as an expense through normal ratemaking procedures.

Commission Responsibilities

In order to comply with the Public Utilities Act, the Commission must monitor the major construction activities of all electric utilities within the state to assure that such construction is efficient and economical. The Commission is also required (Sec. 8-407(a)) to reevaluate the propriety and necessity at least every two years of each certificate of necessity issued for the construction of a new electric generating facility. In order to comply with the above responsibilities, the Commission has the authority to conduct construction cost audits.

Section 8-407 (b) Activities

No activities were required during 2014.

Section 9-213 Activities

No activities were required during 2014.

MANAGEMENT AUDITS

Statutory Requirements

The Commission has authority under Section 8-102 of the Public Utilities Act to conduct management audits of public utilities. The Commission may choose to conduct the audits with its own staff or it may contract with independent consultants to perform the management audits. Prior to initiating an audit of a utility, the Commission must determine that reasonable grounds exist to believe an audit is necessary or cost-beneficial.

The statute allows for the costs associated with the use of independent consultants to be borne by the utilities with recovery provided through the normal ratemaking process.

Commission Responsibilities

Prior to initiating a management audit or investigation of a utility, the Commission must have "reasonable grounds to believe that such audit or investigation is necessary to assure that the utility is providing adequate, efficient, reliable, safe, and least-cost service and charging only just and reasonable rates therefore, or that such audit or investigation is likely to be cost beneficial in enhancing the quality of such service or the reasonableness of rates therefore." The Commission shall "issue an order describing the grounds for such audit or investigation and the appropriate scope and nature of such audit or investigation."

There were no such management audits conducted during 2014.

EXCESS CAPACITY, USED, AND USEFUL

Section 9-215 of the Public Utilities Act gives the Commission the "power to consider, on a case by case basis, the status of a utility's capacity and to determine whether or not such utility's capacity is in excess of that reasonably necessary to provide adequate and reliable electric service". The Commission is also authorized to make adjustments to rates if a finding of excess capacity is made. This section conditions this authority for generating units whose construction programs started prior to the effective date of the current Act, January 1, 1986. That is, for generating units whose construction started prior to the effective date of the current Act, the Act requires that a determination of excess capacity or utility plant used and useful will be made from that which is appropriate under prior law.

No activities were required during 2014.

RATE MODERATION PLAN

The Public Utilities Act authorizes the Commission to consider the adoption of a rate moderation plan that would lessen rate impacts associated with new power plants coming into service. During 2014, no new power plants were placed in service in Illinois that fall under the Commission's jurisdiction. As a result, the Commission did not use its authority to adopt a rate moderation plan.

COST-BASED RATES

The Public Utilities Act considers cost-based rates an important component of equity for ratepayers. Specifically, the Act states that the cost of supplying public utility services should be allocated to those who cause the costs to be incurred [Section 1-102(d)(iii)]. The need to base rates on costs has increased as the utility environment becomes more competitive. A close relationship between rates and costs will discourage uneconomic bypass of the utility system by ratepayers. Uneconomic bypass is costly to the utility, ratepayers, and society as a whole.

The Commission made consistent progress towards the establishment of cost-based rates in utility rate cases that were concluded in 2014. The following is a list of the gas and electric rate cases handled by the Commission in 2014 (See Section 2 for list of water and sewer rate cases handled in this period:

Gas

In March 2014, North Shore Gas Company and The Peoples Gas Light and Coke Company filed a gas rate case (Docket Nos. 14-0224 and 14-0225 Consolidated). The proposed tariffs were suspended. The Commission is expected to enter an order on or before January 25, 2015.

In May 2014, Liberty Energy Corp. (Midstates Natural Gas) d/b/a Liberty Utilities filed a gas rate case (Docket No. 14-0371). The proposed tariffs were suspended by the Commission. The Commission is expected to enter an order on or before February 27, 2015.

Electricity

In January 2014, MidAmerican Energy Company filed an electric rate case (Docket No. 14-0066). The proposed tariffs were suspended by the Commission. The Commission entered an order on November 6, 2014.

In May 2014, the Commission initiated an investigation of Commonwealth Edison Company's supply rate subsidies for non-residential space heat customers and lighting customers. The investigation is ongoing and the Commission is expected to enter an order in 2015.

SEC. 16-108.5 ELECTRIC FORMULA RATE CASES & RECONCILIATIONS

The Public Utilities Act was amended in 2011 by Public Act 97-0616 to include a new provision under Sec. 16-108.5 that provides for participating electric utilities to file performance-based formula rates, allows for annual updates to those formula rates, and annual reconciliations of those rates.

In April 2014 Commonwealth Edison Co. (ComEd) filed its formula rate tariff (Docket No. 14-0312) for its distribution delivery services. The Commission entered an order on December 10, 2014.

In April 2014, Ameren Illinois filed its formula rate tariff (Docket No. 13-0317) for its distribution delivery services. The Commission entered an order on December 10, 2014.

In July 2013, Ameren Illinois filed its revenue-neutral rate design case required by Sec. 16-108.5(e) (Docket No. 13-0476). The proposed tariffs were suspended by the Commission. The Commission entered an order on March 19, 2014. On May 7, 2014, the Commission granted rehearing. The Commission entered an order on rehearing on September 30, 2014. The rate design changes will become effective beginning with the first billing day of January 2015 pursuant to the requirements of Sec. 16-108.5.

In May 2014, the Commission initiated an investigation of Commonwealth Edison Company's cost of service for low-use customers in each residential class. The investigation is ongoing and the Commission is expected to enter an order in 2015. Any resulting rate design changes are expected to become effective beginning with the first billing day of January 2016 pursuant to the requirements of Sec. 16-108.5.

MERGERS

On November 8, 2013, Utility Services of Illinois, Inc, and each of the twenty-three Illinois operating subsidiaries of Utilities Inc filed an application to approve an Agreement and Plan of Merger to consolidate the Illinois operating subsidiaries into one entity. The matter is docketed as Docket No. 13-0618. The Commission approved the reorganization on October 7, 2014.

ASSET TRANSFERS OR SALES

On October 31, 2013, Illinois American Water Company filed for approval to sell real estate located in Will County. The property is currently the site of the company's central states wastewater treatment plant that is being decommissioned. The matter is docketed as Docket No. 13-0604. The Commission approved the transaction June 26, 2014.

INFORMATIONAL FILINGS

There were no informational notices filed with the Commission during 2014.

DECOMMISSIONING

During 2014, no Illinois electric utility billed its customers any charges for decommissioning. The last billing of decommissioning charges by any Illinois electric utility ceased on December 31, 2006.

(5-c) Promulgation and application of rules concerning ex parte communications,

circulation of recommended orders and transcription of closed meetings.

The Commission's rules concerning ex parte communications (83 Ill. Adm. Code 200.710) and the circulation of recommended orders (83 Ill. Adm. Code 200.820) remained in effect in 2014 and were applied throughout the year. Closed meetings were transcribed verbatim as required by Section 10-102 of the Public Utilities Act.

SECTION 6

Appeals from
Commission
Orders

(6) A description of all appeals taken from Commission orders, findings or decisions and the status and outcome of such appeals.

This section includes appeals filed in 2014, decided appeals which were pending further action as of December 31, 2013, or appeals upon which judicial decisions were received in 2014. Excluded are appeals involving motor carriers, rail carriers, or other regulated transportation and all non-appeal judicial actions, such as enforcement and collection actions, employment suits, or federal administrative and judicial actions, in which the Commission may have participated as plaintiff, defendant, intervenor, or *amicus*. However, federal cases taken under 47 USC 252(e)(6) are included.

I. APPEALS INVOLVING PUBLIC UTILITIES FILED IN 2014

A. Under the Public Utilities Act, 220 ILCS 5

1. *Amtcor Flexibles, Inc., vs. Illinois Commerce Commission and Commonwealth Edison Company*

Illinois Appellate Court No. 1-14-1964

Ill.C.C. Docket No. 11-0033

Appeal from formal consumer complaint case under Section 10-108 of the Public Utilities Act.

Status: Administrative review was allowed to proceed on July 16, 2014, with a dismissal motion held in abeyance. Cause has been fully briefed and is awaiting either oral argument or decision.

2. *Ameren Illinois Company d/b/a Ameren Illinois vs. Illinois Commerce Commission, et al.*

Illinois Appellate Court No. 4-14-0128

Ill.C.C. Docket No. 13-0301

Appeal from the 2013 annual update and second reconciliation of approved tariffs and charges of Ameren's MAP-P formula rate plan established pursuant to Section 16-108.5 of the Public Utilities Act ("formula rates").

Status: Briefing has been completed. Awaiting either oral argument or decision.

3. *Ameren Illinois Company d/b/a Ameren Illinois vs. Illinois Commerce Commission, et al.*

Illinois Appellate Court No. 4-14-0173

Ill.C.C. Docket No. 13-0192

Appeal from grant or denial of rate increase of natural gas rates for Ameren Illinois Co.

Status: Administrative review action was consolidated with 4-14-0182, *Dominion Retail Inc. and Interstate Gas Supply of Illinois, Inc., vs. Illinois Commerce Commission, et al.* Briefing has been completed. Awaiting either oral argument or decision.

4. *Citizens Utility Board vs. Illinois Commerce Commission, et al.*

Illinois Appellate Court No. 1-14-0150

Ill.C.C. Docket Nos. 12-0511 and 12-0512 (cons)

Appeals from grant or denial of general increase of natural gas rates for North Shore Gas Co. and Peoples Gas Light & Coke Co.

Status: This administrative review was consolidated with the People of the State of Illinois' administrative review (No. 1-14-0145). A briefing schedule has been set.

5. *Citizens Utility Board vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-14-0684
Ill.C.C. Docket No. 13-0318

Appeal from 2013 annual update of ComEd's formula rates pursuant to Section 16-108.5 of the Public Utilities Act.

Status: This administrative review was consolidated with Nos. 1-14-0357 and 1-14-0506 (Commonwealth Edison Co.) and No. 1-14-0628 (the People of Illinois). On August 28, 2014, the Court granted the Peoples' motion for a voluntary dismissal of Appeal No. 1-14-0628, which was then unconsolidated from the remaining appeals. On September 4, 2014, CUB was granted a voluntary dismissal of Appeal No. 1-14-0684. Briefing was started but, on December 2, 2014, the Court granted ComEd's motion to dismiss its appeals.
See Item II. A. 1. a. below

6. *Citizens Utility Board vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-14-0403
Ill.C.C. Docket No. 13-0553

Appeals from Investigation of tariffs approved in Docket No. 13-0386.

Status: On March 17, 2014, this administrative review was consolidated with No. 1-14-0114 (Commonwealth Edison Co.) and No. 1-14-0275 (the People of Illinois). On June 9, 2014, the Appellate Court granted ComEd's motion to voluntarily dismiss and dismissed and severed ComEd's appeal (No. 1-14-0114). This leaves the People's appeal (No. 1-14-0275) as the lead docket. Briefing has been completed. Awaiting either oral argument or decision.

7. *The Coalition to Request Equitable Allocation of Costs Together ("REACT") vs. Illinois Commerce Commission, Commonwealth Edison Co., et al.*
Illinois Appellate Court No. 2-14-0202
Ill.C.C. Docket No. 13-0387

Appeal from grant or denial of revenue-neutral tariff changes related to the rate design of Commonwealth Edison Co.

Status: On December 19, 2014, the Illinois Appellate Court for the Second District affirmed the Commission's order in a Rule 23 Order.
See Item II. C. 1. f. below

8. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-14-0114
Ill.C.C. Docket No. 13-0553

Appeals from Investigation of tariffs approved in Docket No. 13-0386.

Status: On March 17, 2014, this administrative review was consolidated with No. 1-14-0275 (the People of Illinois) and No. 1-14-0403 (Citizens Utility Board). On June 9, 2014, the Appellate Court granted ComEd's motion to voluntarily dismiss and dismissed and severed ComEd's appeal (No. 1-14-0114). This leaves the People's appeal (No. 1-14-0275) as the lead docket.
See Item II. A. 1. b. below

9. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court Nos. 1-14-0357, and 1-14-0506 (cons.)
Ill.C.C. Docket No. 13-0318

Appeals from 2013 annual update of ComEd's formula rates pursuant to Section 16-108.5 of the Public Utilities Act.

Status: These administrative reviews were consolidated with No. 1-14-0628 (the People of Illinois) and with No. 1-14-0684 (Citizens Utility Board). On August 28, 2014, the Court granted the Peoples' motion for voluntary dismissal and its cause (Appeal No. 1-14-0628) was unconsolidated from the remaining appeals. On September 4, 2014, CUB was granted a voluntary dismissal of Appeal No. 1-14-0684. Briefing commenced thereafter but, on December 2, 2014, the Court granted ComEd's motion to dismiss its appeals.
See Item II. A. 1. a. below

10. *Edward Corley and Edward Corley Trust vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*
Illinois Appellate Court No. 4-14-0250
Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois.

Status: On May 1, 2014, this cause was consolidated with earlier administrative reviews under lead docket, Adams County Property Owners and Tenant Farmers (Appeal No. 4-13-0907). On October 14, 2014, this cause was severed, voluntarily dismissed, and the Court's mandate was issued.
See Item II. A. 1. c. below

11. *Dominion Retail Inc. and Interstate Gas Supply of Illinois, Inc., vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 4-14-0182
Ill.C.C. Docket No. 13-0192

Appeal from grant or denial of rate increase of natural gas rates for Ameren Illinois Co.

Status: Administrative review action was consolidated with 4-14-0173, *Ameren Illinois Co. vs. Illinois Commerce Commission, et al.* Briefing has been completed. Awaiting either oral argument or decision.

12. *William Garrett, Patricia Garrett, Jamie Garrett, Donald C. McWard and Shirley McWard vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*
Illinois Appellate Court No. 4-14-0251
Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois.

Status: On May 1, 2014, this cause was consolidated with earlier administrative reviews under lead docket, Adams County Property Owners and Tenant Farmers (Appeal No. 4-13-0907). On October 14, 2014, this cause was severed, voluntarily dismissed, and the Court's mandate was issued.
See Item II. A. 1. c. below

13. *Illinois Industrial Energy Consumers (Air Products & Chemicals Co., et al.) vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 5-14-0266
Ill.C.C. Docket No. 13-0476

Appeal from revenue-neutral tariff changes related to electric formula rate design of Ameren Illinois Co.

Status: Administrative record has been filed and briefing is scheduled.

14. *Macon County Property Owners vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*
Illinois Appellate Court No. 4-14-0249

Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois.

Status: On May 1, 2014, this cause was consolidated with earlier administrative reviews under lead docket, Adams County Property Owners and Tenant Farmers (Appeal No. 4-13-0907). Briefing of the undismissed administrative reviews is taking place.

15. *Donald C. McWard and Shirley McWard vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*
Illinois Appellate Court No. 4-14-0339

Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois.

Status: On July 22, 2014, this cause was consolidated with earlier administrative reviews under lead docket, Adams County Property Owners and Tenant Farmers (Appeal No. 4-13-0907). On September 12, 2014, this cause was severed, dismissed as untimely under Supreme Court Rule 335, and the Court's mandate was issued.
See Item II. A. 1. c. below

16. *Morgan, Sangamon & Scott Counties Land Preservation Group vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*

Illinois Appellate Court No. 4-14-0128

Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois.

Status: On May 1, 2014, this cause was consolidated with earlier administrative reviews under lead docket, Adams County Property Owners and Tenant Farmers (Appeal No. 4-13-0907). Briefing of the undismissed administrative reviews is taking place.

17. *The Moultrie County Property Owners: Dale Crawford, Roger J. Roney, Phil Martin, Timothy Singer, Cindy L. Harschman, Greg R. Sanders & The Moultrie County Property Owners, Inc. vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*

Illinois Appellate Court Nos. 4-14-0253 and 4-14-0359

Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois.

Status: On May 1, 2014, Appeal No. 4-14-0253 was consolidated with earlier administrative reviews under lead docket, Adams County Property Owners and Tenant Farmers (Appeal No. 4-13-0907). On July 16, 2014, Appeal No. 4-14-0359 was dismissed as untimely under Supreme Court Rule 335. On October 1, 2014, Appeal No. 4-14-0253 was severed, voluntarily dismissed, and the Court's mandate was issued.
See Item II. A. 1. c. below

18. *The People of the State of Illinois, ex rel. Lisa Madigan, Attorney General of the State of Illinois vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court Nos. 1-14-0145
Ill.C.C. Docket Nos. 12-0511 and 12-0512 (cons)

Appeals from grant or denial of general increase of natural gas rates for North Shore Gas Co. and Peoples Gas Light & Coke Co.

Status: This administrative review was consolidated with the Citizens Utility Board's administrative review (No. 1-14-0150). A briefing schedule has been set.

19. *The People of the State of Illinois, ex rel. Lisa Madigan, Attorney General of the State of Illinois vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-14-0275
Ill.C.C. Docket No. 13-0553

Appeals from Investigation of tariffs approved in Docket No. 13-0386.

Status: On March 17, 2014, this administrative review was consolidated with No. 1-14-0114 (Commonwealth Edison Co.) and No. 1-14-0403 (Citizens Utility Board). On June 9, 2014, the Appellate Court granted ComEd's motion to voluntarily dismiss and dismissed and severed ComEd's appeal (No. 1-14-0114). This leaves the People's appeal (No. 1-14-0275) as the lead docket. Briefing has been completed. Awaiting either oral argument or decision.

20. *The People of the State of Illinois, ex rel. Lisa Madigan, Attorney General of the State of Illinois vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-14-0628
Ill.C.C. Docket No. 13-0318

Appeal from 2013 annual update of ComEd's formula rates pursuant to Section 16-108.5 of the Public Utilities Act.

Status: This administrative review was consolidated with Nos. 1-14-0357 and 1-14-0506 (Commonwealth Edison Co.) and No. 1-14-0684 (Citizens Utility Board). On August 28, 2014, the Court granted the Peoples' motion for a voluntary dismissal and its cause (Appeal No. 1-14-0628) was unconsolidated from other appeals. On September 4, 2014, CUB was granted a voluntary dismissal of Appeal No. 1-14-0684. Briefing was started but, on December 2, 2014, the Court granted ComEd's motion to dismiss its appeals.
See Item II. A. 1. a. below

21. *The People of the State of Illinois, ex rel. Lisa Madigan, Attorney General of the State of Illinois vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 4-14-0950
Ill.C.C. Docket Nos. 13-0501 & 13-0517 (cons.)

Appeal from revisions to Ameren's formula rate structure and protocols.

Status: Administrative record has been filed, and briefing is scheduled. A motion to dismiss has been filed by Ameren Illinois Co.

22. *Pliura Intervenor v. Illinois Commerce Commission & Enbridge Pipeline (Illinois) L.L.C.*
Illinois Appellate Court Docket No. 4-14-0592
Ill.C.C. Docket No. 13-0446

Appeal from the granting of an eminent domain petition pursuant to Section 8-509 of the Public Utilities Act.

Status: Administrative record has been filed, and the cause is being briefed.

23. *Glen Stock, Iva Stock, Aaron Stock, Janelle Stock, Jonathan Stock & Rebecca Stock v. Illinois Commerce Commission, Ameren Transmission Company of Illinois, et al.*
Illinois Appellate Court Docket No. 4-14-0741
Ill.C.C. Docket No. 14-0380

Appeal from the granting leave to bring an eminent domain petition pursuant to Section 8-509 of the Public Utilities Act.

Status: Administrative record on review has been filed. A motion to dismiss was filed by Ameren Transmission Co. for failure to comply with Supreme Court Rule 335. Petitioners were granted until December 1, 2014, to hire new counsel and to file a Response to the Motion. No appearance and no response were filed. On December 16, 2014, the Illinois Appellate Court allowed the motion to dismiss and dismissed the appeal.
See Item II. A. 1. f. below

24. *The Lockhart Living Trust, Cheryl Given & Rhonda Brockett vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*
Illinois Appellate Court No. 4-14-0254
Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois.

Status: On May 1, 2014, this cause was consolidated with earlier administrative reviews under lead docket, Adams County Property Owners and Tenant Farmers (Appeal No. 4-13-0907). On October 6, 2014, this cause was severed, voluntarily dismissed, and the Court's mandate was issued.
See Item II. A. 1. c. below

B. Under Other Utility-Related Acts

None

II. APPEALS AND OTHER JUDICIAL REVIEW PROCEEDINGS INVOLVING PUBLIC UTILITIES OR TELECOMMUNICATIONS CARRIERS DECIDED IN 2014

A. Cases dismissed without decision on the merits and with no further action expected

1. Under the Public Utilities Act, 220 ILCS 5

- a. *Commonwealth Edison Company, et al. vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court Nos. 1-14-0357, 1-14-0506, 1-14-0628 and 1-14-0684 (cons.)
Ill.C.C. Docket No. 13-0318

Appeals from 2013 annual update of ComEd's formula rates pursuant to Section 16-108.5 of the Public Utilities Act.

The first two administrative reviews brought by Commonwealth Edison Co. ("ComEd") were consolidated with No. 1-14-0628 (the People of Illinois) and with No. 1-14-0684 (Citizens Utility Board). On August 28, 2014, the Court granted the Peoples' motion for a voluntary dismissal, and its cause (Appeal No. 1-14-0628) was unconsolidated from other appeals. On September 4, 2014, CUB was granted a voluntary dismissal of Appeal No. 1-14-0684. Briefing was started but, on December 2, 2014, the Court granted ComEd's motion to dismiss its appeals.

- b. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-14-0114
Ill.C.C. Docket No. 13-0553

Appeals from Investigation of tariffs approved in Docket No. 13-0386.

On March 17, 2014, this administrative review was consolidated with No. 1-14-0275 (the People of Illinois) and No. 1-14-0403 (Citizens Utility Board). On June 9, 2014, the Appellate Court granted ComEd's motion to voluntarily dismiss and dismissed and severed ComEd's appeal (No. 1-14-0114). This leaves the People's appeal (No. 1-14-0275) as the lead docket.

- c. *Edward Corley and Edward Corley Trust; William Garrett, Patricia Garrett, Jamie Garrett, Donald C. McWard and Shirley McWard; Donald C. McWard and Shirley McWard; The Moultrie County Property Owners; and The Lockhart Living Trust, Cheryl Given & Rhonda Brockett vs. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*
Illinois Appellate Court Nos. 4-14-0250, 4-14-0251, 4-14-0253, 4-14-0254, 4-14-0339 and 4-14-0359
Ill.C.C. Docket No. 12-0598

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new high voltage electric service line and related facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois.

These administrative reviews challenged the grant to Ameren Transmission Co. of Illinois ("ATXI") to operate and construct a new transmission line running across Illinois from Missouri to Indiana. Two of the administrative reviews (Appeal Nos. 4-14-0339 and 4-14-0359) were dismissed as untimely under Supreme Court Rule 335. The other four were voluntarily dismissed by the respective Petitioners without briefing. The grant to ATXI is still being challenged in four other administrative reviews under lead docket, Adams County Property Owners and Tenant Farmers (Appeal Nos. 4-13-0907, 4-13-0917, 4-14-0218 and 4-14-0249 (cons.)) which are in the briefing stages of administrative review.

- d. *Illinois Bell Telephone Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-13-2697
Ill.C.C. Docket No. 12-0550 & 13-0443 (cons.)

Appeal from arbitration decision pursuant to Section 252(b) of the Telecommunications Act of 1996 to establish an interconnection agreement.

On October 17, 2013, the Appellate Court dismissed this appeal for lack of jurisdiction. On December 24, 2013, the Court vacated its dismissal order, recalled the mandate, stayed the case pending the outcome of the pending parallel review proceeding in 1:13-cv-06565 in the United States District Court for the Northern District of Illinois, and vacated the Appellate Court's previous stay of the Commission's underlying arbitration decision. On April 11, 2014, Illinois Bell's motion to dismiss appeal was granted. The U.S. District Court rendered its decision in 1:13-cv-06565, *SprintCom, Inc., et al. vs. Doug Scott, et al.*, on December 1, 2014.

See Item II. C. 2. a. below.

- e. *Northern Illinois Gas Company d/b/a Nicor Gas Company and Ameren Illinois Company d/b/a Ameren Illinois) vs. Illinois Commerce Commission, et al.*
DuPage County Court Nos. 2012 MR 1150 & 2012 MR 1601 (cons.)
Ill.C.C. Docket No. 11-0710

Appeal from Approval of Proposed Contracts between Chicago Clean Energy, LLC and Ameren Illinois Company and Between Chicago Clean Energy, LLC and Northern Illinois Gas Company for the Purchase and Sale of Substitute Natural Gas under the Provisions of Illinois Public Act 97-0096.

On December 3, 2012, the Circuit Court of DuPage County consolidated the transferred appeal of Ameren Illinois Company (redesignated 2012 MR 1601) with Northern Illinois Gas Company's earlier appeal. On October 15, 2014, the

two appeals were voluntarily dismissed on agreed order with prejudice. There was a settlement agreement among the nongovernmental parties.

- f. *Glen Stock, Iva Stock, Aaron Stock, Janelle Stock, Jonathan Stock & Rebecca Stock v. Illinois Commerce Commission, Ameren Transmission Company of Illinois, et al.*
Illinois Appellate Court Docket No. 4-14- 0741
Ill.C.C. Docket No. 14-0380

Appeal from the granting leave to bring an eminent domain petition pursuant to Section 8-509 of the Public Utilities Act.

A motion to dismiss was filed by Ameren Transmission Co. for failure to comply with Supreme Court Rule 335. Petitioners were granted until December 1, 2014, to hire new counsel and to file a Response to the Motion. No substitute appearance and no response were filed. On December 16, 2014, the Illinois Appellate Court allowed the motion to dismiss and dismissed the appeal.

2. Under Other Utility-Related Acts

None

B. Cases in which decisions were rendered in 2013 but were pending rehearing or petitions for leave to appeal to the Illinois Supreme Court at the time of the 2013 annual report

1. Under the Public Utilities Act, 220 ILCS 5

- a. *Ameren Illinois Company d/b/a Ameren Illinois vs. Illinois Commerce Commission, et al.*
Supreme Court Docket No. 117419
Illinois Appellate Court Nos. 4-12-1008 & 4-13-0029 (cons.)
Opinion 2013 IL App (4th) 121008
Ill.C.C. Docket Nos. 12-0001 and 12-0293

Appeals from approved tariffs and charges established pursuant to Section 16-108.5 of the Public Utilities Act ("formula rates") and from the first reconciliation of approved tariffs and charges established pursuant to Section 16-108.5 of the Public Utilities Act ("formula rates").

On December 11, 2013, the Illinois Appellate Court for the Fourth District affirmed the Commission's orders of Ameren's formula rates, both the initial establishment of the formula and the first reconciliation. The opinion is identified as 2013 IL App (4th) 121008.

With the passage of P.A. 98-0015, the causes were left with two common issues which were raised by Ameren Illinois Co. ("Ameren") and a new issue (vacation pay) was raised only in the first reconciliation case. For this reason, the two appeals were consolidated for oral argument and decision.

Ameren's first issue challenged the lowering of the common equity component of its capital structure below its booked (FERC Form No. 1) figure. Although Ameren argued that the Commission was imposing the equity component of its holding company's capital structure, in fact the Commission had reduced the equity component of Ameren to slightly below the equity component of its holding company. The Court agreed that the Commission retained jurisdiction under the formula rate provision to impose a reasonable and prudent rate structure and that the evidence supported the Commission's decision to reduce Ameren's equity component.

Ameren's second issue opposed the reduction of its rate base by accumulated deferred income taxes (ADIT) related to its projected plant additions. Ameren argued the absence of an express requirement to do such a rate base reduction in Section 16-108.5 of the Act, 220 ILCS 5/16-108.5, barred such a reduction. The Court agreed that Section 16-108.5(c)(6) of the Act, *supra*, provided the Commission sufficient authority to continue this practice mandated under Illinois law.

Ameren's third issue sought reversal of the rate base reduction for accrued but unused vacation pay. The Court agreed, however, that alteration of the formula during the first reconciliation was barred by Sections 16-108.5(d)(1) and (3) of the Act. 220 ILCS 5/16-108.5(d)(1) and (3), and, therefore, this rate base reduction as part of the initial rate formula for Ameren could not be first challenged during the first reconciliation.

Ameren filed a Petition for Rehearing on January 2, 2014. Upon denial of rehearing, the Appellate Court modified its Opinion removing a single sentence from ¶139 of the opinion. On February 11, 2014, the Appellate Court corrected certain typographical errors in its Opinion. On March 11, 2014, the Illinois Supreme Court granted Ameren leave to file its Revised Petition for Leave to Appeal. On March 25, 2014, the Commission filed its Answer in opposition. On May 28, 2014, the Illinois Supreme Court denied leave to appeal. The Appellate Court had issued its mandate on March 4, 2014, and that mandate was never recalled.

2. Under Other Utility-Related Acts

Appeal under the Electric Supplier Act, 220 ILCS 30

a. *Frederic D. Beasley and Connie S. Beasley vs. Illinois Commerce Commission, et al.*

Illinois Appellate Court Docket No. 1-13-0447
Sangamon County Court No. 2012 MR 000744
Ill.C.C. Docket No. 10-0711

Appeal from approval or denial of petition for authority to exercise the right of eminent domain pursuant to 220 ILCS 30/13 and 30/13.5 of the Electric Supplier Act.

Southern Illinois Power Cooperative ("SIPC") is an electric cooperative and electric supplier within the meaning of Sections 3.4 and 3.5 the Illinois Electric Supplier Act ("ESA"), 220 ILCS 30/3.4 and 3.5, which generates and distributes electric energy to its members who are rural electric cooperatives. SIPC sought the right to bring an eminent domain action to build a 161 kilovolt electric transmission line in the Illinois counties of Saline and Williamson, pursuant to Sections 13 and 13.5 of the ESA, 220 ILCS 30/13 and 30/13.5.

The Beasleys own one of the 24 properties for which SIPC did not have an easement at the time of the proceeding. The Beasleys had participated in the proceedings before the Commission. On June 27, 2012, the Commission entered its final Order in this docket, granting SIPC the right to bring an eminent domain action on 23 parcels, including the Beasley property.

The Beasleys filed a complaint in administrative review in the Circuit Court of Sangamon County pursuant to the Administrative Review Law, 735 ILCS 5/Art. III, per 220 ILCS 30/12. The Beasleys challenged the evidence supporting three findings within the Commission order and also the denial of the presentation of additional evidence.

On June 5, 2013, the Circuit Court of Sangamon County entered its final order affirming the Commission's order. The Court found that the Commission's decision was not against the manifest weight of the evidence. The Court denied the Beasley's complaint in administrative review on all issues.

On May 29, 2013, the Beasleys filed their Notice of Appeal to the Appellate Court. Briefing had been completed in the Appellate Court, and oral argument has been set for February 18, 2014. On February 17, 2014, the Beasleys filed an agreed motion to dismiss their appeal. On February 18, 2014, the Appellate Court entered its order dismissing the appeal and issuing its mandate.

C. Cases in which decisions were rendered either by opinion of the court or by an order issued under Supreme Court Rule 23 in 2013. (A Rule 23 order decides a case on its merits, but has limited effect as precedent on other cases.)

1. Under the Public Utilities Act, 220 ILCS 5

- a. *The People of the State of Illinois, ex rel. Lisa Madigan, Attorney General of the State of Illinois vs. Illinois Commerce Commission, et al.*
Illinois Supreme Court Docket Nos. 116642 and 116696 (cons.)
Opinion 2014 IL 116642
Illinois Appellate Court No. 1-12-2981
Ill.C.C. Docket No. 09-0151

Appeal from approval or denial of Illinois-American Water Company's annual reconciliation of its Purchased Water and Purchased Sewage Treatment Surcharges

After briefing on the merits, on July 30, 2013, the Illinois Appellate Court issued a three-page Summary Order, dismissing the People's appeal for lack of jurisdiction. The Appellate Court found that the People had filed their administrative review action too late under the Illinois Supreme Court Rules. The Appellate Court held that the time for taking an appeal provided in Subsection 10-201(a) of the Public Utilities Act, 220 ILCS 5/10-201(a), had been previously declared unconstitutional in other court decisions.

The Commission filed a Petition to Appeal as of Right and, in the Alternative, for Leave to Appeal with the Illinois Supreme Court. The People filed a Petition for Leave to Appeal or, Alternatively, For Supervisory Relief. The Petitions were granted on November 27, 2013, and the causes consolidated.

On November 20, 2014, the Illinois Supreme Court reversed the Summary Order of the Appellate Court and remanded the case for further proceedings. In its opinion (2014 IL 116642), the Court upheld the General Assembly's constitutional authority to set the time to take an administrative review actions, specifically the 35 days provided in 220 ILCS 5/10-201(a). Awaiting notice of further proceedings from the Appellate Court.

- b. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Supreme Court No. 117609
Illinois Appellate Court Nos. 1-12-2860 and 1-12-3256 (cons.)
Opinion 2014 IL App (1st) 122860
Ill.C.C. Docket No. 11-0721

Appeals from approved tariffs and charges established pursuant to Section 16-108.5 of the Public Utilities Act ("formula rates").

This case involves the Commission's initial decision under Section 16-108.5 of the Public Utilities Act, 220 ILCS 5/16-108.5, commonly known as part of the Energy Infrastructure Modernization Act ("EIMA"), establishing formula rates for Commonwealth Edison Co. ("ComEd"). After ComEd filed its appeal in this case, the General Assembly further amended the Act in a way that resolved some of the issues on appeal. P.A. 98-15, eff. May 22, 2013.

The following additional issues remained. ComEd challenged (1) requiring an adjustment to rates charged to ComEd customers to reflect the expected increase in the number of customers served; (2) allocating certain general costs between distribution to ratepayers and transmission to out-of-state purchasers; (3) restricting ComEd's recovery from ratepayers for certain performance bonuses paid to ComEd employees; (4) denying ComEd recovery from ratepayers for part of the amount ComEd paid to an affiliate, because the affiliate used the payment to give its employees bonuses based on net income; and (5) denying ComEd recovery from ratepayers for compensation paid to ComEd managers in the form of stock in ComEd's parent corporation..

On March 26, 2014, the Illinois Appellate Court for the First District affirmed the Commission's orders which initially established ComEd's formula rates under 220 ILCS 5/16-108.5. The opinion is identified as 2014 IL App (1st) 122860.

ComEd argued that the EIMA did not permit an adjustment for anticipated population changes. The Court found that ComEd had not met its burden of proving that the Commission violated the Act when it required an adjustment of ComEd's rates to take into account expected growth in the number of customers it served. 220 ILCS 5/16-108.5(c)(4). The Court also found that ComEd has not met its burden of showing that the Commission's finding is contrary to the manifest weight of the evidence or that the Commission acted unreasonably when it ordered the population adjustment.

ComEd used a formula for allocating the general costs that differed from the formula the Commission used in prior rate cases to separate the general costs into intrastate distribution costs and interstate transmission costs. ComEd claimed that the use of the Illinois formula for allocating costs might allow some costs to remain unrecovered, trapped between the FERC and Commission tariffs. However, no evidence was submitted by ComEd on its claim. The Court found that ComEd had not met its burden of proving that the Commission violated federal or state law or acted unreasonably in its allocation of part of general wages and plant costs, including real estate taxes, to distribution of power to Illinois ratepayers.

ComEd sought to recover from ratepayers bonuses to employees of more than 100% of the preset bonuses when performances of employee groups exceeded goals. The Commission held that, because of the possibility of manipulation, it would restrict the recovery of bonuses from ratepayers to 102.9% of the preset incentive bonus amount promised for meeting all of ComEd's performance goals, even if ComEd exceeded those goals by more than 2.9%. EIMA permits ComEd to recover certain bonuses for performance incentives, but EIMA leaves that recovery "subject to a determination of prudence and reasonableness consistent with Commission practice and law." 220 ILCS 5/16-108.5(c)(4). In view of the possibility of manipulation, the Court found that ComEd had not met its burden of proving that the Commission violated the EIMA or acted unreasonably in limiting ComEd's recovery from ratepayers to 102.9% of the preset incentive bonus amount.

Exelon Corporation, a utility services holding company, operates ComEd as its subsidiary. ComEd purchases some services from another subsidiary of Exelon, Exelon Business Services Co. (BSC). The payments from ComEd to BSC include amounts used to pay BSC employees incentive bonuses based on BSC's net income and earnings per share goals. Under ComEd's proposed rates, ratepayers ultimately would pay the incentive compensation to BSC employees. The Court found that the Commission's interpretation of the Act accords with the words of the Act and that ComEd has not shown that the Commission erred when it disallowed recovery from ratepayers of part of the amount ComEd paid to its affiliate, which reflects the part of the payment from ComEd that provided incentive bonuses to the affiliate's employees based on the affiliate's net income.

ComEd pays some of its managers part of their compensation in the form of shares of Exelon stock. ComEd makes the same stock payments regardless of corporate net income or earning per share. There was no evidence that the payments in Exelon stock benefitted ComEd's ratepayers, and the Commission had disallowed such a recovery from ratepayers in the previous two ComEd rate cases. The Appellate Court agreed that ComEd did not meet its burden of proving that, giving the managers an incentive to maximize the cost to ratepayers of ComEd services, served the interests of ratepayers.

ComEd sought review by the Illinois Supreme Court, but the Illinois Supreme Court denied leave to appeal on September 29, 2014. The mandate was issued on November 13, 2014.

- c. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Appellate Court Nos. 1-13-0302 and 1-13-0493 (cons.)
Opinion 2014 IL App (1st) 130302
Ill.C.C. Docket No. 12-0321

Appeals from first reconciliation of approved tariffs and charges established pursuant to Section 16-108.5 of the Public Utilities Act ("formula rates").

Section 16-108.5 of the Public Utilities Act, 220 ILCS 5/16-108.5, requires that the formula "be updated annually with transparent information that reflects the utility's actual costs to be recovered during the applicable rate year." 220 ILCS 5/16-108.5(c) (West 2012). While ComEd's appeal of its initial formula rate case was pending, the Commission was required to continue to apply the formula in annual update proceedings. This case arises from the Commission's first update under that formula.

On June 30, 2014, the Illinois Appellate Court for the First District affirmed the Commission's orders related to the annual update for 2013 of ComEd's formula rates under 220 ILCS 5/16-108.5. The opinion is identified as 2014 IL App (1st) 130302.

ComEd sought review of three issues in the first rate update order: (1) the billing determinants; (2) the allocation of certain common costs that ComEd incurs in connection with its interstate transmission service and its local delivery service; and (3) the denial of most of ComEd's 2011 rate case attorney fees and expenses as costs. The first two issues involve the same alleged formula errors as alleged in ComEd's appeal of the initial formula rate case the (Appeal Nos. 1-12-2860 and 1-12-3256 (cons.)).

The Appellate Court held that the first two issues have already been determined by the court in its Opinion, 2014 IL App (1st) 122860, and relitigation is barred by collateral estoppel. Although this is a separate case and separate proceeding with a different record, the evidentiary record similarly lacks support for ComEd's contentions on its first issue that the Commission erred in not considering the future decline in kWh usage.

On the second issue, although the Appellate Court again found that ComEd had not met its burden of proving that the Commission violated either federal or state law or acted unreasonably in its allocation of certain common costs, the Court did address again ComEd's claim that the use of the Illinois allocation of common costs violated both (1) Section 16-108(c) of the Act and (2) federal preemption and the filed rate doctrine. The Appellate Court found that, under Section 16-108(c) of the Act, *supra*, the Commission is not required to allow costs solely because the costs are included at the FERC and that Section 16-108.5(c)(4)(I) of the Act, 220 ILCS 5/16-108.5(c)(4)(I), unequivocally refutes ComEd's assertion. As to federal preemption and the filed rate doctrine, the Appellate Court found that the filed rate doctrine was not violated by the Commission and simply is not implicated here. The Appellate Court held ComEd has again failed to sustain its burden of proving the Commission's findings and determination were in error.

On the third issue, the Commission had disallowed the entirety of ComEd's claimed rate case expenses, except for \$200,000. Section 9-229 of the Act, 220 ILCS 5/9-229, now requires that the Commission "specifically assess the justness and reasonableness of any amount expended by a public utility to compensate attorneys or technical experts to prepare and litigate a general rate case filing." The Appellate Court found that both the Commission and the courts have a clearly pronounced evidentiary standard regarding approval of rate case legal fees and expenses. ComEd's evidence regarding its attorney fees does not inform anyone of the "justness and reasonableness" of its fees. In the absence of a *prima facie* showing by ComEd of the reasonableness of fees and expenses, the Commission determined that the record was devoid of information establishing that the payments were just and reasonable. The Court agreed that ComEd failed to carry its burden of proof to rebut these *prima facie* findings and decision. The Appellate Court also agreed that ComEd's attempt to supply the needed information as a supplement after the close of evidence was both unexplained and unpersuasive.

ComEd timely filed for rehearing. On September 15, 2014, the Appellate Court denied rehearing. No further filings in this cause were made.

- d. *Commonwealth Edison Company, Illinois Competitive Energy Assn. ("ICEA") and Illinois Industrial Energy Consumers ("IIEC") vs. Illinois Commerce Commission, et al.*
Illinois Supreme Court No. 118129 (ICEA and IIEC)
Illinois Appellate Court Nos. 1-13-0544, 1-13-0632, 1-13-0653, 1-13-1063, & 1-13-1120 (cons.)
Opinion 2014 IL App (1st) 130544
Ill.C.C. Docket No. 12-0544

Appeal from approval of Illinois Power Agency's Procurement Plan, pursuant to 220 ILCS 5/16-111.5(d).

The Illinois Power Agency ("IPA") is tasked with procuring electricity for Commonwealth Edison Co. ("ComEd") and Ameren Illinois Company ("Ameren"). To this end, the IPA develops annual electricity procurement plans for the utilities and submits the plans for final approval by the Commission. 220 ILCS 5/16-111.5(b). Relevant to this appeal, the clean coal portfolio standard contained in the IPA's Act states that the IPA's "procurement plans shall include electricity generated using clean coal." 20 ILCS 3855/1-75(d) (West 2012).

On September 28, 2012, the IPA filed a proposed procurement plan for 2013 with the Commission. The plan required ComEd and alternate retail electric suppliers ("ARES") to enter into sourcing agreements with FutureGen 2.0, a project of the FutureGen Industrial Alliance, Inc., which is a nonprofit corporation "formed to create the world's first coal-fueled, near-zero emissions electric power plant" in Meredosia, Illinois. The IPA determined that the utilities and ARES should purchase the facility's output in an amount consistent with their proportional share, or in a "competitively neutral" manner.

The Commission found that, pursuant to Section 1-75(d)(5) of the IPA Act, 20 ILCS 3855/1-75(d)(5), the Commission had the authority to compel both the utilities and ARES to enter into sourcing agreements with retrofitted clean coal facilities approved by the Commission. However, Commission staff expressed concern that, given the number of ARES involved (approximately 70), requiring each ARES to enter into a sourcing agreement with FutureGen 2.0 would present an administrative burden. The staff suggested an alternate approach whereby FutureGen 2.0 would contract only with ComEd and Ameren, and each utility would purchase FutureGen 2.0 power for its own eligible retail customers as well as the retail customers of ARES. The utilities would then recover the additional costs through a competitively neutral charge assessed to ARES' customers for their share of the output.

On December 19, 2012, the Commission issued its final order approving the IPA's procurement plan, but modified the plan to reflect the staff's alternate approach regarding sourcing agreements with FutureGen 2.0. Petitions for Administrative Review were brought by ComEd, the Illinois Competitive Energy Association ("ICEA"), and the Illinois Industrial Energy Consumers ("IIEC").

On July 22, 2014, the Illinois Appellate Court in a split decision for the First District affirmed the Commission's order related to the IPA's annual electricity procurement plan for 2013. The opinion is identified as 2014 IL App (1st) 130544.

The first issue was ComEd's and ICEA/IIEC's contention that the Commission's approval of the procurement plan, which compels ComEd to enter into a sourcing agreement with FutureGen 2.0 on behalf of ARES, exceeded its statutory authority. It was argued that the IPA has no power to propose, and the Commission has no power to approve, procurement plans requiring ComEd to procure electricity for ARES customers. At most, the Commission can compel each ARES to enter into a sourcing agreement with FutureGen 2.0, but it cannot compel ComEd to enter such agreements on behalf of ARES. The Appellate Court found that the Commission has the inherent authority and regulatory duty to compel both the utilities and ARES to enter into sourcing agreements with retrofitted clean coal facilities as part of the framework of the procurement planning process. The dissent would have found for ComEd and ICEA/IIEC on this jurisdictional issue.

As for the second issue, ComEd argued that the Commission failed to support its finding with substantial evidence that the approach was necessary to avoid administrative burdens on the parties. The Appellate Court found the evidence was sufficient to support the Commission's decision.

As a third issue, ICEA/IIEC made an additional argument that the Commission has no authority to impose a competitively neutral charge that is not a delivery service charge, upon ARES customers. The Appellate Court found that, according to the plain terms of the statute, ComEd is entitled to recover from ARES customers its costs of entering into the sourcing agreement with FutureGen 2.0 on ARES' behalf.

As a final issue, ComEd and ICEA/IIEC also argued that the Commission's order violates the dormant Commerce Clause of the U.S. Constitution and is therefore unconstitutional. The Appellate Court found that neither ICEA/IIEC nor ComEd have standing to challenge the constitutionality of the provision at this time under the dormant Commerce Clause, for they show no interest in producing electricity and no direct, material injury from enforcement of the provision, and because FutureGen 2.0 facility is not yet operable.

Both ICEA and IIEC sought review by the Illinois Supreme Court. On November 26, 2014, the Illinois Supreme Court granted leave to appeal, and this cause is pending further review.

- e. *Commonwealth Edison Company vs. Illinois Commerce Commission, et al.*
Illinois Supreme Court No. 118202
Illinois Appellate Court Nos. 1-13-2011 and 1-13-2012 (cons.)
Opinion 2014 IL App (1st) 132011
Ill.C.C. Docket Nos. 11-0588 and 11-0662

Appeal from grant or denial of petition to determine the applicability Section 16-125(e) liability.

Commonwealth Edison Co. ("ComEd") filed two petitions with the Commission seeking a waiver of liability under Section 16-125(e) of the Public Utilities Act, 220 ILCS 5/16-125(e). Ill.C.C. Docket No. 11-0588 involved six summer 2011

storms. Ill.C.C. Docket No. 11-0662 involved a February (winter) 2011 storm. With the exception of the storm that occurred on July 11, 2011, the Commission granted ComEd a waiver of liability under Section 16-125(e)(1) of the Act, *supra*, where the power interruption resulted from “[u]npreventable damage due to weather events or conditions.” 220 ILCS 5/16-125(e)(1). ComEd appealed from both Commission dockets, and the administrative reviews were consolidated, although the underlying Commission proceedings were separate.

On July 31, 2014, the Illinois Appellate Court for the First District affirmed the Commission order in Ill.C.C. Docket No. 11-0588 and dismissed ComEd's appeal from Ill.C.C. Docket No. 11-0662. The opinion is identified as 2014 IL App (1st) 132011.

The Appellate Court first addressed the second appeal (No. 1-13-2012) for which the Appellate Court had taken the Commission's motion to dismiss appeal with the case. ComEd had received its requested relief in the winter 2011 case. The Court held that ComEd as the prevailing party could not appeal from the order which was in ComEd's favor in order to challenge the reasoning of the Commission. The Appellate Court dismissed Appeal No. 1-13-2012.

In Appeal No. 1-13-2011, ComEd raised three arguments: (1) the Commission misinterpreted the statute as applying to an aggregate of customers affected by numerous distinct power interruptions and thereby erred in reaching the 30,000 customer threshold required under section 16-125(e); (2) the Commission erred in denying ComEd a full waiver of liability under section 16-125(e)(1) for the July 11, 2011 customer outages; and (3) the Commission erred by prohibiting ComEd from recovering the costs of providing notice to customers.

On the first issue, the Appellate Court found that the word, “interruption,” in Section 16-125(e) of the Act, *supra*, is ambiguous. To the utility, an interruption is an event on a system that causes customers to lose their connection with the integrated grid. From the customer's perspective, he is subjected to a power interruption when his service is in the state of being interrupted. Because the Commission's interpretation of section 16-125(e) was a reasonable and permissible construction of the statute (the customer's perspective), the Appellate Court affirmed the Commission's decision that section 16-125(e) applies in the instant case.

On the second issue, the Appellate Court concluded that the Commission articulated a standard for determining whether the July 11, 2011 continuous power interruption experienced by more than 30,000 customers was due to “[u]npreventable damage due to weather events or conditions.” The Court found that the standard was neither inconsistent nor vague and ComEd had not met its burden that the outages caused by tree contact were unpreventable for the July 11, 2011 storm.

ComEd has also raised two constitutional arguments. The first is a due process argument based on the Commission's purported failure to articulate a clear standard. The Court concluded that ComEd's due process argument is meritless. The second is that the Commission's construction of Section 16-125(e) of the Act, *supra*, results in an unconstitutional taking of property without just compensation and due process. The Appellate Court rejected the caselaw cited by ComEd as being inapplicable and held that ComEd has failed to show that the Commission's order holding ComEd responsible for compensating customers for preventable damages pursuant to Section 16-125(e) amounts to an unconstitutional taking.

On the third issue, ComEd argued that it should not be required to provide notice to the affected customers informing them that they are entitled to seek damages, without ComEd being able to recover its costs in providing notice. The Appellate Court held that the Commission's determination that ComEd could not recover its costs incurred in providing the notice, is consistent with the plain language in Section 16-125(e) of the Act, *supra*, prohibiting the recovery of losses of revenue and expenses incurred in complying with the statute.

The Supreme Court denied ComEd leave to appeal on November 26, 2014.

- f. *The Coalition to Request Equitable Allocation of Costs Together (“REACT”) vs. Illinois Commerce Commission, Commonwealth Edison Co., et al.*
Illinois Appellate Court No. 2-14-0202
Opinion 2014 IL App (2d) 140202-U
Ill.C.C. Docket No. 13-0387

Appeal from grant or denial of revenue-neutral tariff changes related to the rate design of Commonwealth Edison Co.

On December 19, 2014, the Illinois Appellate Court for the Second District affirmed the Commission's order in a Rule 23 Order. (A Rule 23 order decides a case on its merits, but has limited effect as precedent on other cases.)

The instant case arises out of a 2013 rate design, or cost allocation, proceeding before the Illinois Commerce Commission, wherein the Commission evaluated ComEd's proposed performance-based formula rate to be applied to its various customer classes. Section 16-108.5(c) of the Public Utilities Act (Act), 220 ILCS 5/16-108.5(c), is part of what is commonly referred to as the 2011 Energy Infrastructure Modernization Act (EIMA), which requires the Commission to periodically consider revenue-neutral tariff changes related to the rate design of a participating utility's performance-based formula rate. REACT claimed that the proposed rate design is unfair to the two customer classes that comprise its membership, the "Extra Large Load" (ELL) class and the "High Voltage (Over 10 MW)" (HV over 10 MW) class.

In 2007, the Commission had ordered ComEd to refine its embedded cost of service study (ECOSS) based on a proper allocation of the service costs between the primary and secondary levels of its distribution system. The matter was also previously considered in a 2008 special investigation and in ComEd's 2010 rate case. In this 2013 rate design proceeding, REACT sought a further segmentation of ComEd's primary and secondary distribution systems.

The first issue is whether Section 16-108.5(c) of the Act, *supra*, mandates further segmentation as claimed by REACT. The Appellate Court found that the provision was ambiguous on the issue of whether further segmentation was mandated or permissive. The Appellate Court found that the Commission's interpretation of the ambiguous statute, which found that the overall goal of rate design is fairness in allocating costs among ComEd's customer classes, was reasonable and is afforded deference, thereby rejecting REACT's claim of mandatory further segmentation.

The Appellate Court then proceeded to consider REACT's other claims. The Court found that REACT's argument that ComEd's ECOSS results in an inaccurate, or unfair, allocation of costs among the customer classes is not supported by the substantial evidence. The Appellate Court agreed with the Commission that further study of segmentation was not shown in evidence to lead to benefits outweighing the costs of the additional study. Finally, the Appellate Court affirmed that the Commission and ComEd could lawfully treat railroads, a separate class of customers, differently than REACT's ELL and HV over 10 MW members based on the evidence in the record.

REACT has until January 9, 2015, to file for rehearing and until January 23, 2015, to seek review by the Illinois Supreme Court.

- g. *Securus Technologies, Inc. vs. Illinois Commerce Commission and Consolidated Communications Enterprise Services, Inc. d/b/a Consolidated Communications Public Services and d/b/a Consolidated Communications Network Services*
Illinois Supreme Court No. 117874
Illinois Appellate Court No. 1-13-1716
Opinion 2014 IL App (1st) 131716
Ill.C.C. Docket No. 12-0413

Appeal from declaratory ruling of Illinois Commerce Commission issued pursuant to 5 ILCS 100/5-150(a)) and 83 Ill. Adm. Code 200.220.

Consolidated Communications Enterprise Services, Inc. ("Consolidated") sought a declaratory ruling from the Commission concerning its offering of telephone calling services to inmates in Illinois corrections facilities. Specifically, Consolidated sought a declaratory ruling that the services it offered are operator services within the meaning of Section 13-901 of the Act, 220 ILCS 5/13-901, and, therefore, subject to the rate cap provision of Paragraph 13-901(b)(2) of the Act, 220 ILCS 5/13-902(b)(2). Consolidated had lost its bid to continue to provide the telephone calling services to inmates in Illinois corrections facilities. Securus Technologies, Inc. ("Securus"), the successful bidder, was granted leave to intervene in Consolidated's declaratory ruling.

The Commission determined, on the facts related to Consolidated's operations in its offering of telephone calling services to inmates in Illinois corrections facilities, that Consolidated's telephone calling services were operator services within the meaning of Section 13-901 of the Act, *supra*, and, therefore, were subject to the rate caps established by the Commission pursuant to Paragraph 13-901(b)(2) of the Act, *supra*, and Commission regulations related thereto. To the

argument that Consolidated no longer provided this telephone calling service, the Commission held that Consolidated's request was proper since Consolidated could bid to provide the service in the future and the Commission could address future situations as declaratory rulings as provided in *Harrisonville Telephone Co. v. Illinois Commerce Commission*, 176 Ill. App. 3d 389, 393 (5th Dist., 1988). The intervenor, Securus, sought administrative review on a variety of grounds.

On May 16, 2014, the Illinois Appellate Court vacated the Commission's declaratory ruling and the denial of rehearing. The opinion is identified as 2014 IL App (1st) 131716.

The Appellate Court held that the declaratory ruling was an improper one and, therefore, the Court had jurisdiction to review the ruling despite the statutory bar of 5 ILCS 100/5-150(a). The Appellate Court equated an administrative declaratory ruling action with a judicial declaratory judgment action. Because Consolidated had lost its bid, the Court opined that an actual controversy did not exist, and because declaratory rulings cannot address future situations, the Commission's declaratory ruling for Consolidated was not a proper one and the Court, therefore, had jurisdiction to review it. Having held that the Commission's declaratory ruling was improper, the Appellate Court vacated the declaratory ruling as being beyond the Commission's jurisdiction and, for good measure, vacated the Commission's denial of Securus' application for rehearing.

On June 20, 2014, the Commission filed its petition for leave to appeal to the Illinois Supreme Court. On July 22, 2014, Securus was granted leave to file its answer to the Commission's PLA. On September 24, 2014, the Illinois Supreme Court denied the Commission's Petition for Leave to Appeal. The mandate issued on November 13, 2014.

2. Under Other Utility-Related Acts

Complaints for declaratory and other relief challenging an arbitration decision of the Commission under 47 USC 252.

- a. *SprintCom, Inc., et al. (collectively "Sprint") vs. Doug Scott, et al.*
US District Court for Northern Illinois, Eastern Division, Docket No. 1:13-cv-06565
Ill.C.C. Docket Nos. 12-0550 and 13-0443

Complaint for declaratory and other relief challenging an arbitration decision of the Commission under 47 USC 252.

On December 1, 2014, the U.S. District Court affirmed the Commission's orders and denied Sprint's requests for declaratory and injunctive relief. The Court found that (1) a state commission may properly draw a distinction in rate treatment between the local traffic of interconnection of competitor-bound calls under § 251(c)(2) and the long-distance traffic of interexchange-carrier-bound ones under § 251(g); (2) there is no basis to overturn the Commission's determination that interconnection facilities are only available at TELRIC prices when they are used exclusively for Section 251(c)(2) interconnection; and (3) the Commission's determination that access charges depend on the geographic origin and endpoint of a call, and not what a carrier charges its customers, is consistent with the requirements of the Telecommunications Act. Sprint has until December 29, 2014, to seek rehearing or until December 31, 2014, to seek further appeal.

SECTION 7

Studies and
Investigations
Required by
State Statutes

(7) A description of the status of all studies and investigations required by this Act, including those ordered pursuant to Sections 4-305, 8-304, 9-242, 9-244, and 13-301 and all such subsequently ordered studies or investigations.

Section 4-305: EMISSION ALLOWANCE REPORTS

Section 4-305 of the Public Utilities Act reads as follows:

Sec. 4-305. Emission allowances. Beginning with the first quarter of 1993, the Commission shall collect from each public utility and each affiliated interest of a public utility owning an electric generating station information relating to the acquisition or sale of emission allowances as defined in Title IV of the federal Clean Air Act Amendments of 1990 (P.L. 101-549), as amended. The information collected shall include the number of emission allowances allocated to each utility, by statute or otherwise, and the number of emission allowances acquired or sold by each utility. The Commission shall establish quarterly requirements for reporting the information specified under this Section. Beginning with the annual report due January 31, 1994, the Commission shall include the information collected under this Section in the annual report required under this Act.

Appendix B presents information that the Commission has collected under Section 4-305 of the Public Utilities Act since the last Annual Report.

Section 8-304: ESTIMATED BILLING PRACTICES

This section, added September 19, 1985, required the Commission to perform a comprehensive of estimated billing practices and policies of the major regulated public utilities providing natural gas and/or electric services. The study was conducted in 1987. No activities were performed in 2014, and no further activities are anticipated.

Section 8-403: COGENERATION/SMALL POWER PRODUCTION

Section 8-403 states that the Commission shall conduct a study to encourage the full and economical utilization of cogeneration and small power production. In addition to the independent power generation aspect of the study, the Commission is also required to examine the wheeling of electricity between governmental agencies. This study was completed in 1987. No activities were required in 2014, and no further activities are anticipated in the future.

Section 8-405.1: FEASIBILITY OF WHEELING IN ILLINOIS

Section 8-405.1 directs the Commission, in cooperation with the Illinois Department of Energy and Natural Resources, to investigate the major economic and legal issues surrounding the wheeling of electricity in Illinois and to report the results of its investigation to the General Assembly. In December 1987, the Commission submitted the report titled *Electric Wheeling in Illinois* to the General Assembly. No activities were required in 2014, and no further activities are anticipated in the future.

Section 9-202: TEMPORARY RATE INCREASE

On October 1, 1987, 83 Ill. Adm. Code 330 became effective. Among other things, 83 Ill. Adm. Code 330 put forth the necessary conditions for a temporary rate increase pursuant to Section 9-202(b) and provided for refunds with interest if the temporary rate increase granted exceeded the permanent rate increase granted.

Section 9-214: STUDY OF CWIP

The study was completed and sent to the General Assembly on December 29, 1988. Please see the Commission's 1992 annual report, page 56, for details.

Section 9-216: RULEMAKING FOR CANCELLATION COSTS

The regulated utilities currently have no generation or production plant under construction and have not made any requests for authority to construct new generation or production plant. Given that there is no due date for either the initiation or completion of this rulemaking, the Commission will initiate rulemaking as soon as practical, given the Commission's current workload and resources.

Section 9-223: EVALUATION OF THE FIRE PROTECTION CHARGE

Section 9-223(b) directs the Commission to evaluate the purpose and use of each fire protection charge imposed under Section 9-223. Section 9-223(b) was added to the Public Utilities Act as part of Public Act 94-0950 with an effective date of June 27, 2006. The Commission submitted a report containing its findings to the General Assembly prior to the last day of the 2008 veto session.

ECONOMIC DEVELOPMENT PROGRAM

A summary of the Commission's economic development program and its activities since its inception may be found in the 1996 and previous Commission annual reports.

The Commission coordinates its economic development activities with other state agencies, including the Department of Commerce and Economic Opportunity. Commission staff members represent the agency on interagency task forces that relate to the Commission's economic development activities. Individual economic development project proposals are reviewed in conjunction with appropriate staff from utilities, state and local government, and private businesses. Staff comments on tariff and/or rate filings by utilities and testimony in rate case proceedings serve to further articulate Commission policies in the area of economic development.

As the implementation of customer choice continues, the Commission will assess its impact on economic development through an ongoing evaluation of rulemakings and decisions in the following areas: requirements for alternative electric suppliers, consumer-education materials, delivery services tariffs, distributed resources, and real-time pricing.

INVESTIGATION OF PEOPLES GAS LIGHT AND COKE COMPANY'S ("PEOPLES") ACCELERATED MAIN REPLACEMENT PROGRAM

On June 18, 2013, in Docket No. 12-0512, the Commission ordered Staff to conduct an investigation of Peoples' accelerated main replacement program. Staff began working immediately on steps necessary to hire a consultant that could complete the investigation. However, Staff cancelled its first request for proposals when Central Management Services rejected the only bid from a firm capable of doing the work. On May 5, 2014, Staff signed the investigation contract, and Liberty Consulting Group began its work. The contract has two parts. The first part is a 12-month investigation of Peoples' accelerated main replacement program. The second part is a 24-month verification of Peoples' implementation of recommendations from the part one investigation. Plans call for Liberty Consulting Group to deliver its final part one investigation report to the Commission by the end of April 2015.

Section 8-103: ELECTRIC ENERGY EFFICIENCY AND DEMAND RESPONSE PROGRAM SPENDING LIMITS

Section 8-103 of the Public Utilities Act ("PUA") sets forth requirements for electric utilities to create and implement ratepayer-funded energy efficiency and demand response programs. The statute also provides for a limitation on the amount of spending on such programs, if the result of the spending would be to increase retail rates of retail customers by more than certain prescribed percentages. Subsection (d) of Section 8-103 concludes by stating,

No later than June 30, 2011, the Commission shall review the limitation on the amount of energy efficiency and demand response measures implemented pursuant to this Section and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of energy efficiency and demand response measures.¹²

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission's web site in the Reports section: <http://www.icc.illinois.gov/reports>.

¹² 220 ILCS 5/8-103(d)

ILLINOIS POWER AGENCY ACT, Section 1-75(c): Renewable Energy Resource Procurement Spending Limits

Subsection (c) of Section 1-75 of the Illinois Power Agency Act ("IPA Act") sets forth a renewable portfolio standard ("RPS") pertaining to electric utilities that on December 31, 2005 provided electric service to at least 100,000 customers in Illinois. The statute also provides for a limitation on the amount of renewable energy resources that shall be purchased, if the result of such purchases would be to increase retail rates of eligible retail customers by more than certain prescribed percentages. Paragraph (2) of 1-75(c) concludes by stating,

No later than June 30, 2011, the Commission shall review the limitation on the amount of renewable energy resources procured pursuant to this subsection (c) and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective renewable energy resources.¹³

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission's web site in the Reports Section: <http://www.icc.illinois.gov/reports>.

¹³ 20 ILCS 3855/1-75(c)(2)

SECTION 8

Impacts of
Federal Activity
on State Utility
Service

(8) A discussion of new or potential developments in federal legislation, and federal agency and judicial decisions relevant to State regulation of utility service

COMMISSION POLICY AND ACTIONS IN FERC PROCEEDINGS

The Federal Energy Regulatory Commission ("FERC") regulates, among other things, the rates for wholesale electricity sales by public utilities and transmission of electricity in interstate commerce, the transmission and sale of natural gas for resale in interstate commerce, and the transportation of natural gas by interstate pipelines. The primary goal of the ICC's Federal Policy Program is to ensure that the rules, policies, rates, and terms and conditions of service that the FERC establishes for electric transmission service, bulk power sales, and natural gas pipeline transportation are just and reasonable for Illinois energy consumers.

DEVELOPMENTS IN THE NATURAL GAS INDUSTRY

Much of the FERC's current policy regarding interstate natural gas pipeline transportation service stems from the Order 636 open access rules adopted by the FERC in 1992. In recent years, the FERC's focus in the natural gas arena has been to hone its interstate natural gas transportation policy through incremental modifications. The FERC's natural gas policy continues to focus on improving the efficiency and transparency of the natural gas market, encouraging the development of new natural gas storage capacity and infrastructure, increasing competition, and protecting consumers against excessive pipeline transportation rates. More recently, the FERC has focused on coordination between the natural gas and electricity industries.

Natural gas production continues to expand. Shale gas continues to hold down natural gas prices in virtually every region of the United States. These low natural gas prices have resulted in natural gas being used much more heavily for electricity generation. This trend appears likely to accelerate as more coal-powered generators are retired and renewable energy resources require more backup by quick-ramping natural gas-fired generation. Moreover, the extended colder than average weather experienced during the winter of 2013/2014 highlighted the increasing interdependence of natural gas pipelines and electricity markets. As such, the interdependence between natural gas and electricity markets continues to be a key point of focus for the FERC. To that end, 2014 saw the FERC initiating several proceedings intended to improve the coordination between the natural gas and electricity industries, with particular emphasis on improving the scheduling practices of the natural gas transportation and electricity markets. In particular, the FERC issued a notice of proposed rulemaking that proposed to revise the natural gas operating day and scheduling practices used by interstate pipelines to schedule natural gas transportation service. The FERC also initiated investigations under section 206 of the Federal Power Act into the day-ahead scheduling practices of regional transmission organizations ("RTOs") to determine if they are just and reasonable and to ensure that the scheduling practices correlate with any revisions to the natural gas scheduling practices that may be adopted by the FERC pursuant to the aforementioned proposed rulemaking. In a third proceeding, the FERC initiated a "show cause" proceeding, under the Natural Gas Act, requiring all interstate natural gas pipelines to revise their tariffs to provide for the posting of offers to purchase released pipeline capacity in compliance with the FERC's regulations, or to otherwise demonstrate full compliance with that regulation.

The increase in natural gas production has also resulted in the repurposing of natural gas pipeline capacity and liquefied natural gas (LNG) terminals in the United States. In recent years the FERC has authorized the siting and construction of over a dozen onshore and near-shore LNG facilities. However, in 2014 there was only one new LNG terminal approved by the FERC for the continental United States. Similarly, the increase in natural gas from new regions has placed some existing natural gas pipelines in the position of petitioning the FERC to repurpose and/or abandon existing pipeline capacity.

DEVELOPMENTS IN THE ELECTRIC POWER INDUSTRY

Much of the FERC's current electric policy stems from several sweeping reforms concerning the regulation of the transmission grid that was initiated in the late 1990s. In particular, Order 888 opened the nation's transmission grid through open access transmission tariffs. Order 2000 called for the voluntary creation of regional transmission organizations ("RTOs") which are intended to bring about increased efficiency through both improved grid management and increased access to competitive power supplies by end-users. The FERC has also spent a significant amount of time and resources trying to improve the efficiency and transparency of electricity markets through the implementation of the Energy Policy Act of 2005 and Orders 890, 890-A, and 890-B. Order 1000 reforms the FERC's electric transmission planning and cost allocation requirements for public utility transmission providers by building on the reforms of Order No. 890 and correcting lingering deficiencies with respect to transmission planning processes and cost allocation methods.

In 2014, the FERC continued to focus on issues such as continuing its implementation of Order No. 1000, addressing seams issues between PJM and MISO, addressing formula rate protocols under the MISO tariff, generation reserve margins and the production and deliverability of renewable energy in the Midwest and East Coast. The methodology used by the FERC to allocate the costs of regional transmission projects continues to be a concern for Illinois.

The primary focus of FERC's Order No. 1000 was the reformation of electric transmission planning and cost allocation requirements for public utility transmission providers. In 2014, numerous parties petitioned the U.S. Court of Appeals to review the FERC's Order No. 1000, on the grounds that FERC lacked the authority to implement many of the provisions of the order. Ultimately, the court affirmed Order No. 1000 and denied parties' petitions for review of the final rule. It is likely that in the coming years, the FERC will address other Order No. 1000 issues such as the identification and cost allocation for non-transmission solutions in the Order 1000 planning process and the use of direct current ("DC") transmission lines that are used to move power over long distances.

As it was in 2013, the deliverability of capacity between PJM and MISO continues to be an issue in 2014. While RTO seams issues have been an issue for over a decade, the efficient delivery of capacity between the two RTOs brought the issue of addressing RTO seams to the forefront through a complaint filed by a MISO market participant. In 2013, after several rounds of filings, white papers and technical conferences before the FERC, the two RTOs filed a work plan with the FERC that aims to improve data exchange and transparency between the two RTOs. The two RTOs continue to meet regularly to discuss how to best address inter-RTO market, planning and administrative issues. Given the complexity of some of these seams issues, this effort will likely continue well into 2015.

The allocation of costs associated with regional transmission projects continues to be an issue for Illinois. In 2014, the U.S. Court of Appeals for the Seventh Circuit issued a decision remanding, for a second time, a FERC order upholding a PJM-wide cost allocation approach for transmission projects in PJM that are 500 kV and above. In 2007, the ICC appealed the FERC's initial order approving the cost allocation on the grounds that the costs of the projects were not being allocated commensurate with benefits. In 2009, the Court remanded the order back to the FERC, tasking the FERC with providing some assurance that the costs are being allocated in a "roughly commensurate" manner. On remand, the FERC once again determined that PJM members, regardless of their location within PJM, could fairly be allocated the costs of new high-voltage transmission projects in proportion to their load. The ICC again appealed the FERC's remand order. In 2014, the Circuit Court again remanded the FERC's order, taking issue with the FERC's general findings that the benefits of the projects in question were broadly distributed and changing over time and that more particularized analysis of benefits was difficult. The FERC has yet to issue another order on remand in response to the most recent Circuit Court opinion.

In 2014, the FERC's investigation into whether or not the formula rate protocols under the MISO tariff are sufficient to ensure just and reasonable rates continued with the issuance of several orders approving the compliance filings of many transmission owners with the FERC's 2013 orders in this proceeding. Over the past several years, the ICC has submitted numerous filings to the FERC on this issue, arguing that the FERC needs to establish meaningful protocols to ensure transparency in the formula rate process, while at the same time providing customer protections. While the FERC rulings in this case are not entirely in favor of the ICC's position, MISO transmission owners using formula rates were required to revise their protocols to provide customers, state regulators and other interested parties with an opportunity to evaluate the formula rate input data, to challenge either the correctness or reasonableness of the inputs and to challenge the prudence of the costs to be recovered.

The production and transmission of renewable energy continues to be a major topic of emphasis for the FERC. While the ICC generally supports the integration of renewable energy resources into established wholesale electricity markets, renewables penetration can require the construction of high voltage transmission facilities to move wind power from the upper Midwest to points generally to the east of Illinois. These high voltage projects are also constructed for the purpose of addressing transmission constraints in the East. As noted above, these regional transmission projects present cost allocation concerns for Illinois and there is a strong possibility that the FERC will continue to address these issues in the coming years.

Present and potential EPA regulations regarding mercury and carbon emissions are also concern for both the FERC and state regulators. The proposed regulations will have a significant impact on generation reserve margins and reliability of the transmission grid, given that over 70,000 MW of coal-fired generation capacity is scheduled to retire by 2020. The key concern is to ensure that adequate replacement generation is brought on-line to avoid allowing generation reserve margins to fall below levels that can jeopardize the reliability of the transmission grid. These retirements will likely result in increased pressure on natural gas supplies as well, as the industry turns to natural gas-fired generation to help offset the loss of the coal-fired

generation. While resource adequacy is a state-jurisdictional issue, the FERC (and the states) will likely have to address the impacts of these EPA regulations and their effect on the electricity generation and natural gas industries.

In 2014, the U.S. Court of Appeals for the District of Columbia vacated FERC's Order No. 745 wherein FERC set forth compensation rules for demand response resources that participate in RTO day-ahead and real time energy markets. The Court found that demand response market participation involves retail customers and markets that are subject to state, not federal, oversight. In light of the Court's finding, some parties petitioned the FERC to eliminate demand response participation in all of the markets administered by PJM, not just the markets that were the subject of the review by the Court's decision. Consequently, these issues associated with demand response are likely to remain active into 2015..

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (220 ILCS 5/16-101, et seq.), enacted on December 16, 1997, introduced the concept of delivery services and required Illinois utilities to provide open access to delivery services on a phased-in basis. However, in adopting that statute, the Illinois General Assembly recognized that certain components of delivery service may be subject to FERC jurisdiction. Therefore, the statute states:

An electric utility shall provide the components of delivery services that are subject to the jurisdiction of the Federal Energy Regulatory Commission at the same prices, terms and conditions set forth in its applicable tariff as approved or allowed into effect by that Commission [FERC]. The Commission [ICC] shall otherwise have the authority pursuant to Article IX to review, approve, and modify the prices, terms and conditions of those components of delivery services not subject to the jurisdiction of the Federal Energy Regulatory Commission.

(220 ILCS 5/16-108(a)) Furthermore, Section 16-101A(d) of the Public Utility Act mandates:

The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers.

Accordingly, the ICC continues to be actively engaged at the FERC, working to ensure that the components of delivery service for which FERC has regulatory oversight responsibility are provided at rates, terms, and conditions that are appropriate for Illinois' retail direct access program. Similarly, the ICC has been advocating transparent wholesale electricity markets, believing that transparent wholesale markets are key for Illinois' open access retail program to provide greater benefits to retail customers. All of the issues discussed in the previous sections have the potential to impact the price and reliability of electric service in Illinois. As such, the ICC has been, and will continue to be, engaged in the processes before the FERC to ensure that Illinois' interests are adequately represented.

SECTION 9

Recommendations for
Proposed
Legislation

(9) All recommendations for appropriate legislative action by the General Assembly.

The Commission's legislative agenda for the 99th General Assembly is currently being formulated. A detailed discussion of specific proposals currently under consideration would be premature at this time.

Appendix A

Summary of Significant Commission Decisions

SUMMARY OF SIGNIFICANT COMMISSION DECISIONS

Electric

09-0432

The Cherry Lane Condominium

-vs-

Commonwealth Edison Company

Complaint as to billing/charges in Northbrook, Illinois.

The initial complaint was filed on September 28, 2009 and an initial pre-hearing conference was held on October 22, 2009. The matter was continued to November 20, 2009 for the Respondent to file its Motion to Dismiss. Commonwealth Edison filed its Motion to Dismiss on December 18, 2009 and the matter was continued to March 4, 2010. At such time, the Administrative Law Judge directed the Complainant to formally file its January 13, 2010 response to the Motion to Dismiss no later than March 19, 2010 and the docket was continued to May 11, 2010 and July 27, 2010. It appears that the January 13, 2010 response to the Motion to Dismiss was never filed with the Clerk's Office, but the Respondent filed its reply on February 10, 2010. Respondent's original counsel withdrew its appearance on July 2, 2010 and new counsel filed an appearance on July 14, 2010. The July 27, 2010 status hearing was cancelled pending the outcome of the Motion to Dismiss. The Respondent's Counsel subsequently filed a Motion to Dismiss for Want of Prosecution and Petitioner's counsel filed a response to this motion along with its response to the initial Motion to Dismiss, followed by a reply from the Respondent filed a reply to the Motion to Dismiss for Want of Prosecution. A proposed order on the Motions is pending.

11-0165

Richard Kraft

-vs-

Commonwealth Edison Company

Complaint as to power outages in Highland Park, Illinois.

The initial complaint was filed on February 22, 2011. The parties participated in numerous pre-hearing conferences to report on the progress of discovery. The matter was also delayed because parts of the Complainant's claims were contingent upon the outcome of the storm waiver claims in Docket 11-0289 (final order entered November 20, 2012).

At the April 26, 2012 pre-hearing conference, Complainant requested time to file an Amended Complaint and a briefing schedule on the Amended Complaint was set by the Administrative Law Judge. Commonwealth Edison filed its Answer on May 21, 2012. The Respondent subsequently filed a Motion to Dismiss on June 6, 2013, which was followed by a response filed by the Mr. Kraft's Counsel on July 5, 2013 and Commonwealth Edison's Reply on July 19, 2013. Following the briefing schedule on the Motion to Dismiss, it was noted by Respondent's Counsel and the Administrative Law Judge that the Amended Formal Complaint as referenced in Complaint's Response to the Motion to Dismiss as Exhibit A was not formally filed with the Clerk's Office. As a result, the Motion to Dismiss could not be formally adjudicated until the original Amended Formal Complaint was filed. The Complainant filed a Second Amended Complaint on August 12, 2013 and the Amended Formal Complaint was filed on September 3, 2013. The matter was continued generally on August 1, 2013 pending the outcome of the Motion to Dismiss. A proposed order was served to the parties on November 12, 2014. Upon agreement of the parties the Briefs on Exception period has been extended to December 17, 2014 for the Respondent and January 7, 2015 for the Complainant, respectively.

11-0711

**Illinois Commerce Commission
On Its Own Motion**

Development and adoption of rules concerning rate case expense.

Rate case expense, generally, is the group of expenditures made by a utility when procuring a rate increase at the Commission. Rate case expense is included in a rate increase. It consists primarily of attorney's fees and expert witness fees. Section 9-229 of the Public Utilities Act was enacted in 2009. It provided that the Commission must review rate case expense items and specifically assess the justness and reasonableness of those items. It also states that: "This issue shall be expressly addressed in the Commission's final order." (220 ILCS 5/9-229). Before enactment of Section 9-229, there was no statutory standard on this issue.

In *People ex rel. Madigan v. Ill. Commerce Comm'n*, 2012IL App (1st) 101776 and again in *Commonwealth Edison Co., Ill. Commerce Comm'n*, 2014 IL App (1st) 130302, the Appellate Court required this Commission to assess the justness and reasonableness of rate case expense items in accordance with a long-standing line of case law regarding the imposition of attorney's fees and expert witness fees on parties in the state and federal courts. With regard to attorney's fees, that line of case law allows the parties' attorneys to view the invoices for services and state with particularity in briefs what they dispute in the invoices. Many, many workshops took place in the proceeding to inform parties who practice at the Commission, as well as Commission Staff, about that line of case law. As a result, this rulemaking promulgates a rule which follows the line of cases that the *People ex rel. Madigan* Court addressed.

12-0324

LAZ Parking LTD, LLC

-VS-

Commonwealth Edison Company

Complaint pursuant to Sections 9-250 and 10-0108 of the Illinois Public Utilities Act and Section 200.170 of the Rules of Practice of the Illinois Commerce Commission.

A hearing on the Complainant's Motion to Deem Certain Facts Admitted was held on June 28, 2013. The Motion to Dismiss filed on June 13, 2013 was held in abeyance pending the outcome of the Motion to Deem Certain Facts Admitted. Prior to ruling on this motion, the parties each filed Motions to Correct the June 28, 2013 transcript. The Administrative Law Judge ruled on the Motions to Correct on September 12, 2013. The parties filed a joint waiver of the one-year requirement on November 26, 2013. A status hearing was held on December 4, 2013, and the Complainant tendered an oral motion to voluntarily dismiss Counts 1, 3, and 4 from the Formal Complaint, leaving Counts 2 and 5 for consideration on all pending motions. The Motion to Dismiss was held in abeyance for the outcome of the Motion to Deem Certain Facts Admitted. The Administrative Law Judge issued a ruling on February 13, 2014 acknowledging that certain facts are deemed admitted by the Respondent pursuant to Rule 216 and ComEd filed a Motion to Strike the Motion to Dismiss on February 14, 2014. On February 27, 2014, Commonwealth Edison subsequently filed a motion to reconsider the ALJ ruling. Due to this motion, all previous motion continued to be held in abeyance. A status hearing was held on December 5, 2014 and continued to February 10, 2015.

12-0560

Rock Island Clean Line LLC ("Rock Island")

Petition for an Order granting Rock Island Clean Line LLC a Certificate of Public Convenience and Necessity ["Certificate"] pursuant to Section 8-406 of the Public Utilities Act as a Transmission Public Utility and to Construct, Operate and Maintain an Electric Transmission Line and Authorizing and Directing Rock Island Rock Island pursuant to Section 8-503 of the Public Utilities Act to Construct an Electric Transmission Line.

In this heavily contested proceeding, the Commission granted a Certificate to Rock Island on November 25, 2014 which authorized, subject to conditions, the construction of 121 miles of ± 600 kV direct current electric transmission line from Cordova, Illinois to the Collins Substation in Grundy County. The Illinois segment is part of a planned 500-mile line originating in O'Brien County, Iowa, the primary purpose of which is to connect potential wind generation facilities in wind-rich areas of northwest Iowa and neighboring areas with electricity markets in northeast Illinois and elsewhere in the PJM grid.

12-0598

Ameren Transmission Company of Illinois

Petition for a Certificate of Public Convenience and Necessity, pursuant to Section 8-406.1 of the Illinois Public Utilities Act, and an Order pursuant to Section 8-503 of the Public Utilities Act, to Construct, Operate and Maintain a New High Voltage Electric Service Line and Related Facilities in the Counties of Adams, Brown, Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton, Macon, Montgomery, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott and Shelby, Illinois.

On February 20, 2014, the Commission entered a Second Order on Rehearing approving the final route segments of Ameren Transmission Company of Illinois' ("ATXI") Illinois Rivers transmission line project. The Illinois Rivers project consists of approximately 375 miles of new 345 kV transmission lines, nine new or expanded substations, and six 345/138 kV transformers laying generally between the Mississippi River near Quincy, Illinois and the Indiana border near Terre Haute, Indiana. The Commission approved seven of the nine route segments and three of the nine proposed substations in an August 20, 2013 Order. The evidence necessary to address the remaining issues was provided during the rehearing phase of this docket.

13-0105 Ameren Illinois Company d/b/a Ameren Illinois

Petition for Approval of Peak Time Rebate Program

On January 7, 2014, the Commission entered an Order approving the Ameren Illinois' Peak Time Rebate Program, finding that it complies with the requirements of Section 16-108.6(g) of the Public Utilities Act.

**13-0450 Village of East Dundee
 -vs-
 Commonwealth Edison Company**

Complaint regarding easement issues in East Dundee, Illinois

The Mayor of East Dundee, Illinois complained that Commonwealth Edison Company, without justification, refused to grant an easement to Insurance Auto Auction ("IAA"), which had planned to locate a salvage auto auction on a 35-acre parcel of land in East Dundee. Complainant alleged that denial of the easement would cost IAA over \$650,000 in additional expense and delay, and would cost Complainant hundreds of thousands of dollars in revenue.

An amended complaint was filed that substituted East Dundee as the Complainant, sought a declaratory judgment granting the easement, requested a mandatory injunction directing ComEd to comply with the request for an easement, and requested unspecified damages for loss resulting from the denial, plus unspecified punitive damages, attorney's fees, and imposition of a \$500,000 civil penalty on ComEd.

The Commission granted ComEd's Motion to Dismiss the complaint with prejudice, finding that ComEd has no statutory or other obligation to grant the easement, and its decision not to grant the easement does not constitute a violation of the Act. The Commission further found that there is no basis under the Act for a declaration granting the easement, no basis for injunctive relief directing ComEd to comply with IAA's request, no basis for finding that loss occurred as a result of the denial, no basis to award punitive damages, and no basis for imposition of a civil penalty or for an award of attorney's fees.

13-0476 Ameren Illinois Company d/b/a Ameren Illinois

Revenue-neutral tariff changes related to rate design. (tariffs filed on July 22, 2013)

On March 19, 2014, the Commission entered an Order approving revenue-neutral tariff changes related to Ameren Illinois' rate design pursuant to Section 16-108.5(e) of the Public Utilities Act. On September 30, 2014, the Commission entered an Order on Rehearing.

13-0495 Commonwealth Edison Company

Approval of the Energy Efficiency and Demand Response Plan Pursuant to Section 8-103(f) of the Public Utilities Act.

This matter concerns approval of Commonwealth Edison Company's energy efficiency and demand response plan pursuant to Section 8-103(f) of the Public Utilities Act. The Commission entered a Final Order in this matter on January 28, 2014.

13-0497 Commonwealth Edison Company

Reconciliation of revenues collected under Rider UF with uncollectible costs incurred.

The Order in this docket found that Commonwealth Edison Company's actions to pursue minimization and collection of uncollectibles were reasonable and prudent. The Order also found that the Company's reconciliation of its uncollectible costs incurred during 2011 was correct and therefore was accepted. Specifically, the reconciliation reflects an under-collection of \$2,093,386 for 2011.

13-0498 Ameren Illinois Company d/b/a Ameren Illinois

Approval of the Energy Efficiency and Demand-Response Plan pursuant to 220 ILCS 5/8-103 and 220 ILCS 5/8-104.

On January 28, 2014, the Commission entered an Order in this proceeding regarding Ameren Illinois' third 3-year plan for its electric energy efficiency program.

13-0499 Illinois Department of Commerce and Economic Opportunity (DCEO)

Approval of its Energy Efficiency Portfolio and Plan Pursuant to Sections 8-103(e) and (f) and 8-104(e) and (f) of the Public Utilities Act.

This matter concerns approval of the Department of Commerce and Economic Opportunity's energy efficiency portfolio and plan pursuant to Sections 8-103(e) and (f) and 8-104(e) and (f) of the Public Utilities Act. The Commission entered a Final Order in this matter on January 28, 2014.

13-0519 Ameren Illinois Company d/b/a Ameren Illinois ("Ameren")

Petition for an Order Approving Administrative Procedure for Resolving and Paying Claims for Damages Under Sections 16-125(e) and (f) of the Public Utilities Act.

In this proceeding, the Commission entered an order on March 7, 2014 which approved administrative procedures for resolving and paying claims, by Ameren, for damages under Sections 16-125(e) and (f) of the Public Utilities Act. Unless a waiver of liability is granted, Section 16-125(e) allows customers – when 30,000 or more had power interrupted for four hours or more – to seek recovery of actual damages suffered as a result of the interruption. Absent a waiver, Section 16-125(f) allows customers, when 30,000 or more were affected by a power surge, to seek the replacement value of goods damaged.

13-0552 Commonwealth Edison Company

Submission of Rider NAM, Non AMI Metering. (tariffs filed September 20, 2013)

This matter concerns Commonwealth Edison Company's Rider NAM, non-AMI metering. This rider applies to customers that refuse to voluntarily allow the Company to install advanced metering at their premises. The Commission entered a Final Order in this matter on February 5, 2014.

**13-0589 Illinois Commerce Commission
On Its Own Motion**

-vs-

Commonwealth Edison Company

Investigation into customer refunds for payments made under invalidated riders.

Investigation into customer refunds for payments made under invalidated riders, No. 13-0589. In 2010 and 2012, the Appellate Court had invalidated a rider that imposed a fee for a new ComEd smart meter plan. See, *Commonwealth Edison Co. v. Ill. Commerce Comm'n*, (2nd Dist. 2010) 405 Ill. App. 3d 389; *People ex rel. Madigan v. Ill. Commerce Comm'n*, 2012 IL App (2d) 100024. This proceeding was initiated by this Commission to determine whether the funds collected pursuant to that rider should be refunded to ratepayers. After discovery disputes were resolved, ComEd agreed to refund the monies collected pursuant to the invalidated rider, which totaled \$9.5 million. In that same settlement agreement, ComEd agreed to refund another \$36.7 million pursuant to a Commission order in a ComEd rate case, docket No. 07-0566.

13-0657

Commonwealth Edison Company

Application for a Certificate of Public Convenience and Necessity, pursuant to Section 8-406.1 of the Illinois Public Utilities Act, and an Order pursuant to Section 8-503 of Illinois Public Utilities Act, to Construct, Operate and Maintain a new 345 kilovolt transmission line in Ogle, DeKalb, Kane and DuPage Counties, Illinois.

ComEd filed a petition seeking a certificate of public convenience and necessity to construct, operate and maintain a 345 kV high voltage transmission line from the Byron substation through Ogle, DeKalb, Kane and DuPage counties. The transmission line will extend nearly 70 miles through northern Illinois. ComEd stated the transmission line would increase transmission capability, reduce transmission congestion in the region, cut carbon emissions by nearly half a million tons and reduce retail electricity costs to ComEd customers. On October 22, 2014, the Commission granted ComEd authority to build, operate and maintain the transmission line finding that the benefits of the transmission line project far exceeded the costs. Evidence suggested that the net benefits of the project to ratepayers will be in the range of \$121.1 million to \$324.6 million.

On November 25, 2014, the Commission granted a petition for rehearing filed by six property owners requesting rehearing on a segment of the line near the Forest Preserve District of Kane County. Rehearing will be concluded by April 2015.

14-0066

MidAmerican Energy Company

Proposed general rate increase for electric service. (Tariffs filed December 16, 2013)

MidAmerican Energy Company filed a request with the Commission seeking authority to increase its electric distribution rates for MidAmerican Energy customers. This request was the first electric rate increase sought by the Company since 1992. MidAmerican Energy sought to increase annual revenue by approximately \$21 million. On November 6, 2014, the Commission issued an Order approving an increase in the Company's electric distribution rates. The Commission approved the new rate schedule following an 11 month line-item review of MidAmerican Energy's rate proposal. Adjustments were made in a number of areas including incentive compensation programs, rate case expenses, pension assets, depreciation and taxes. The new rates are expected to generate approximately \$15.8 million in additional annual revenue for the Company, approximately 10 percent over current revenue. The Commission's Order reduced MidAmerican Energy's requested increase in revenue by approximately 25 percent.

14-0070

**Illinois Commerce Commission
On Its Own Motion**

-vs-

Commonwealth Edison Company

Reconciliation of revenues collected under coal tar riders with prudent costs associated with coal tar cleanup expenditures.

On November 25, 2014, the Commission entered an Order approving Commonwealth Edison Company's reconciliation (as amended by Commission Staff's adjustments) of the revenues it collected under its Rider ECR – Environmental Cost Recovery Adjustment, from January 1, 2013 through December 31, 2013, with the costs it prudently incurred in connection with environmental activities, as that term is defined in Rider ECR.

14-0177 FutureGen Industrial Alliance, Inc. ("FutureGen")

Petition Seeking Approval pursuant to Section 5/9-220(h-7) of the Public Utilities Act.

In Docket No. 12-0544, which was heavily contested, the Commission approved the inclusion, in the power procurement plan adopted in that proceeding, of a sourcing agreement with FutureGen for output from a retrofitted clean coal facility starting in 2017. In Docket No. 14-0177, the Commission entered an order on May 13, 2014 which found that FutureGen's proposed methods for the transportation and sequestration of carbon dioxide are reasonable and cost-effective within the meaning of Section 9-220(h-7)(2) of the Public Utilities Act. It is noted that the Order in Docket 12-0544 is on appeal.

14-0212 Commonwealth Edison Company

Petition to Approve Acceleration of Meter Deployment under ComEd's AMI Plan.

ComEd filed its Verified Petition for Expedited Approval of Acceleration of Meter Deployment under ComEd's AMI Plan along with supporting direct testimony. ComEd's Petition was assigned Docket No. 14-0212, and requested Commission approval of ComEd's plan to accelerate the deployment of Advanced Metering Infrastructure ("AMI") Meters under its approved Smart Grid Advanced Metering Infrastructure Deployment Plan ("AMI Plan"). The Commission, on its own motion, subsequently reopened ICC Docket No. 12-0298 (the proceeding that considered ComEd's original request for approval of its AMI Plan) and ICC Docket No. 13-0285 (the proceeding opened to investigate ComEd's 2013 Annual Implementation Progress report), consolidated those proceedings with ICC Docket No. 14-0212, and limited the scope of the consolidated proceedings to the issues raised in the Petition.

ComEd's Petition requested Commission approval of an accelerated deployment schedule that concludes in December, 2018. ComEd explained that under this Accelerated Scenario, meter installations would increase from the 13-0285 Scenario to 500,000 in 2014 and 833,000 in 2015. Installations would peak at 930,000 meters in both 2016 and 2017, and would then decrease to 765,000 meters in 2018. ComEd asserts that this deployment schedule takes into account customer benefits, operational issues, and financial issues. The Commission approved the accelerated schedule proposed in this docket and the Final Order was entered on June 11, 2014.

**14-0223 Illinois Commerce Commission
 On Its Own Motion**

Amendment of 83 Ill. Adm. Code 415.

On November 25, 2014, the Commission entered an Order adopting the proposed amendment of 83 Ill. Adm. Code 415, "Uniform System of Accounts for Electric Utilities". The purpose of the proposed amendment is to change the date of incorporation by reference of certain federal rules relating to accounting for electric utilities.

14-0312 Commonwealth Edison Company

Annual formula rate update and revenue requirement reconciliation under Section 16-108.5 of the Public Utilities Act.

This matter concerns Commonwealth Edison Company's Annual formula rate update and revenue requirement reconciliation under Section 16-108.5 of the Public Utilities Act. The Commission's order follows a review during the past nine months of revenue, expenses and capital projects, specifically those installed as part of the company's commitment to upgrading its infrastructure and installing new advanced electronic meters, as

provided for under the Energy Infrastructure and Modernization Act (EIMA). A Final Order was entered by the Commission on December 10, 2014.

14-0316 Commonwealth Edison Company

Petition to Make Housekeeping Revisions and a Compliance Change to filed Rate Formula.

This matter concerns Commonwealth Edison Company's Petition to Make Housekeeping Revisions and a Compliance Change to filed Rate Formula. In an Order dated November 25, 2014, the Commission defined the statutory term "formula rate structure" as it applies to Commonwealth Edison Company and approved a recommendation by Commission Staff to use Commonwealth Edison Company's updated depreciation study in Docket No. 14-0312.

14-0317 Ameren Illinois Company d/b/a Ameren Illinois

Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing.

On December 10, 2014, the Commission entered an Order approving the reconciliation and a delivery service rate increase in the third update to Ameren Illinois' Modernization Action Plan-Pricing tariff ("Rate MAP-P"), pursuant to Section 16-108.5(d) of the Public Utilities Act.

14-0442 Commonwealth Edison Company

Petition to Approve a new Tariff Rider Recovering Clean Coal Procurement Related Costs in Compliance with the Commission's Orders in Docket Nos. 12-0544 and 13-0034

This docket concerned Commission approval of a new tariff rider recovering clean coal procurement related costs in compliance with the Commission's Orders in Docket Nos. 12-0544 and 13-0034. The final order allowed ComEd to recover all related costs for the purchase in connection with the Commission-approved Unit Contingent Power Purchase Agreement (the "Sourcing Agreement") between ComEd and FutureGen Industrial Alliance, Inc. This tariff is in conjunction with the Illinois Power Agency Act which directed ComEd to enter in to this purchasing agreement with FutureGen. The Commission entered the final order on September 30, 2014.

14-0453 Ameren Illinois Company d/b/a Ameren Illinois

Verified Petition for Approval of Increase in Funding for On-Bill Financing Program pursuant to 220 ILCS 5/16-111.7 and 220 ILCS 5/19-140.

On October 7, 2014, the Commission entered an Order in this proceeding granting Ameren Illinois authority to increase funding for its On-Bill Financing Program by \$10 million.

**14-0490 Illinois Commerce Commission
On Its Own Motion**

Revision of 83 Ill. Adm. Code 500

(Approximate Deadlines: 02-15-15 Second Notice Order, 08-15-15 Final Order)

An initial status hearing was held on October 22, 2014, where the parties adopted a procedural schedule. In addition, the Attorney General has filed an appearance in this docket. Simultaneous Verified Reply Comments were filed by Staff, Ameren, NICOR, RESA, North Shore Gas/Peoples Gas, and Prairie Point Energy/Nicor Advanced Energy on November 21, 2014. Simultaneous Verified Response Comments are due on January 7, 2015 and the Summaries of Positions are due on January 21, 2015. A status hearing (possible evidentiary hearing) is scheduled for January 21, 2015.

14-0588 The Illinois Power Agency

Petition for Approval of the 2014 IPA Procurement Plan pursuant to Section 16-111.5(d)(4) of the Public Utilities Act.

The Commission entered an order that provides for two energy procurements next year, a move that may help to match more closely customer demand for power with supply. In the 2012-2013 procurement plan the IPA suggested there was no need to purchase additional electricity for ComEd and Ameren customers, because there was already an adequate supply from earlier contracts. The 2013-2014 procurement plan returned to the procurement of electricity, including a hedging strategy, smaller procurement blocks and a second procurement. The current plan approved by the Commission adds certain refinements to the procurement process, including continuation of procurement of energy in blocks and hedging.

Gas

**11-0764 Illinois Commerce Commission
On Its Own Motion**

-VS-

North Shore Gas Company

Reconciliation of revenues collected under gas adjustment charges with actual costs prudently incurred.

An initial pre-hearing conference was held on January 26, 2012 and the matter was continued to June 19, 2012 for another status pending the outcome of prior reconciliations. The June 19, 2012 status was continued to January 17, 2013 for resolution of the previous reconciliations. At the January 17, 2013 hearing, the parties set a briefing schedule which the parties voluntarily set aside on May 29, 2013. During the pre-hearing conference on July 25, 2013, the Administrative Law Judge set a new briefing schedule. Staff and the Interveners have filed Direct Testimony on December 20, 2013 and Company Rebuttal Testimony was filed on January 17, 2014. An evidentiary hearing was held and a draft order was served on January 23, 2014. The final order was entered on March 5, 2014.

**11-0765 Illinois Commerce Commission
On Its Own Motion**

-VS-

Peoples Gas Light and Coke Company

Reconciliation of revenues collected under gas adjustment charges with actual costs prudently incurred.

An initial pre-hearing conference was held on January 26, 2012 and the matter was continued to June 19, 2012 for another status pending the outcome of prior reconciliations. The June 19, 2012 status was continued to January 17, 2013 for resolution of the previous reconciliations. At the January 17, 2013 hearing, the parties set a briefing schedule which the parties voluntarily set aside on May 29, 2013. During the pre-hearing conference on July 25, 2013, the Administrative Law Judge set a new briefing schedule. Staff and the Interveners have filed Direct Testimony on December 17, 2013 and Company Rebuttal Testimony was filed on January 3, 2014. An evidentiary hearing was held and a draft order was served on January 23, 2014. The final order was entered on March 5, 2014.

- 13-0031 **Illinois Commerce Commission
On Its Own Motion
-vs-
Northern Illinois Gas Company d/b/a Nicor Gas Company**
- Reconciliation of revenues collected under coal tar riders with prudent costs associated with coal tar cleanup expenditures.**
- An initial status hearing was held on March 28, 2013 and the matter was ultimately continued to March 27, 2014. At this hearing, Staff and Nicor adopted a schedule for filing direct and rebuttal testimony. An evidentiary hearing was held on July 17, 2014 and the parties submitted an initial draft order on July 25, 2014 that was amended on July 27, 2014. The Commission entered a Final Order on August 13, 2014.
- 13-0491 **North Shore Gas Company**
- Petition pursuant to Rider UEA of Schedule of Rates for Gas Service to Initiate a Proceeding to Determine the Accuracy of the Rider UEA Reconciliation Statement.**
- On July 9, 2014, the Commission entered an Order approving North Shore Gas Company's Rider UEA Reconciliation Adjustment for the 2011 reporting year and an April 1, 2012, through March 31, 2013 reconciliation period. The Company's reconciliation reflects a cumulative over-recovered balance for the three service types of \$96,319 and net Reconciliation Adjustments (RA Factor) of (\$692). These RA Factors will be refunded or collected over the 12-month period beginning June 1, 2013.
- 13-0492 **The Peoples Gas Light and Coke Company**
- Petition pursuant to Rider UEA of Schedule of Rates for Gas Service to Initiate a Proceeding to Determine the Accuracy of the Rider UEA Reconciliation Statement.**
- On July 9, 2014, the Commission entered an Order approving The Peoples Gas Light and Coke Company's Rider UEA Reconciliation Adjustment for the 2011 reporting year and an April 1, 2012, through March 31, 2013 reconciliation period. The Company's reconciliation reflects a cumulative over-recovered balance for the three service types of \$1,192,221 and net Reconciliation Adjustments (RA Factor) of \$65,285. These RA Factors will be refunded or collected over the 12-month period beginning June 1, 2013.
- 13-0498 **Ameren Illinois Company d/b/a Ameren Illinois**
- Approval of the Energy Efficiency and Demand-Response Plan pursuant to 220 ILCS 5/8-103 and 220 ILCS 5/8-104.**
- On January 28, 2014, the Commission entered an Order in this proceeding regarding Ameren Illinois' second 3-year plan for its gas energy efficiency program.
- 13-0534 **The Peoples Gas Light and Coke Company**
- Petition for Approval of a Tariff Pursuant to Section 9-220.3 of the Public Utilities Act.**
- On January 7, 2014, the Commission entered an Order approving The Peoples Gas Light and Coke Company's proposed tariff, as revised in response to Commission Staff comments, "for a surcharge which adjusts rates and charges to provide for recovery of costs associated with investments in qualifying infrastructure plant, independent of any other matters related to the utility's revenue requirement."
- 13-0549 **Northern Illinois Gas Company d/b/a Nicor Gas Company**
- Application pursuant to Section 8-104 of the Public Utilities Act for Consent to and Approval of an Energy Efficiency Plan**

A status hearing was held on November 7, 2013 where the Administrative Law Judge set a briefing schedule. Staff and Intervenor Direct Testimony are due January 17, 2014 and Company Rebuttal Testimony is due on January 31, 2014. Staff and Intervenor Rebuttal Testimony are due February 7, 2014 and Company Rebuttal Testimony is due on February 14, 2014. An evidentiary hearing was held on March 6, 2014 and the Administrative Law Judge issued a Proposed Order on April 23, 2014 and the Commission entered a Final Order on May 20, 2014. Nicor filed an Application for Rehearing on June 19, 2014 that was denied on July 9, 2014. An Amendatory Order was entered on July 30, 2014.

**13-0550 North Shore Gas Company
and
The Peoples Gas Light and Coke Company**

Petition pursuant to Section 8-104 of the Public Utilities Act to Submit an Energy Efficiency Plan.

A status hearing was held on November 7, 2013 where the Administrative Law Judge set a briefing schedule. Staff and Intervenor Direct Testimony were filed on December 20, 2013 and Company Rebuttal Testimony is due on January 22, 2014. Staff and Intervenor Rebuttal Testimony are due January 31, 2014 and Company Rebuttal Testimony is due on February 4, 2014. An evidentiary hearing was held on March 6, 2014 and the Administrative Law Judge issued a Proposed Order on April 23, 2014 and the Commission entered a Final Order on May 20, 2014. Nicor filed an Application for Rehearing on June 19, 2014 that was denied on July 9, 2014. An Amendatory Order was entered on July 30, 2014.

**14-0061 Maria R. Abdon
-vs-
Peoples Gas Light and Coke Company**

Complaint as to discontinuance of service without notice in Chicago, Illinois

Complainant alleged that Peoples Gas had disconnected her gas service at 6802 S. Talman, Chicago, IL, without notice, causing her water pipes to freeze and burst, resulting in water damage to her dwelling. Complainant sought service reconnection at no cost and unspecified damages resulting from the burst pipes.

The Commission found that the meters in Complainant's dwelling had been tampered with and that she was the beneficiary. The Commission also found that Peoples Gas' rebilling process was so vague that it had little probative value. As a result, the rebilling process did not pass the reasonableness test of 83 Ill. Adm. Code 280.100(c)(2), and no amounts billed to Complainant as a result of the tampering were due.

Peoples Gas' Application for Rehearing to provide additional evidence to more fully explain the rebilling process was denied by the Commission.

**14-0189 Illinois Commerce Commission On Its Own Motion -vs- Ameren Illinois Company d/b/a Ameren Illinois;
Commonwealth Edison Company; The Peoples Gas Light and Coke Company, North Shore Gas
Company and; Northern Illinois Gas Company d/b/a Nicor Gas Company**

Approval of the Illinois Statewide Technical Reference Manual for Energy Efficiency.

Approval of the Illinois Statewide Technical Reference Manual for Energy Efficiency. The Order in this docket approved and adopted the second annual update to the Illinois Statewide Technical Reference Manual for Energy Efficiency Version 3.0.

**14-0224 North Shore Gas Company
14-0225 The Peoples Gas Light and Coke Company**

Proposed general increase in gas rates. (Tariffs filed February 26, 2014)

Tariffs and Charges Submitted pursuant to Section 9-201 of the Public Utilities Act. The Orders in these dockets set forth new rates for Peoples Gas Light and Coke Company and North Shore Gas and the terms, upon which, those rates can be imposed.

14-0292 Northern Illinois Gas Company d/b/a Nicor Gas Company

Application for Approval of a Tariff pursuant to Section 9-220.3 of the Public Utilities Act.

Nicor Gas filed a verified petition requesting that the Commission issue an Order approving its proposed Rider 32, Qualified Infrastructure Plant, pursuant to Section 9-220.3 of the Public Utilities Act (the "Act"). This section of the Act allows Nicor to file tariffs that adjust rates and charges to provide for recovery of costs associated with investments in qualifying infrastructure plant, "independent of any other matters related to the utility's revenue requirement." 220 ILCS 5/9-220.3(a). This section allows Nicor to recover costs related to replacing cast iron pipes and related infrastructure for the delivery of gas services. The Commission approved the new tariff on July 30, 2014.

14-0492 Northern Illinois Gas Company d/b/a Nicor Gas Company

Application pursuant to Section 7-101 of the Public Utilities Act for Consent to and Approval of an Agreement between Northern Illinois Gas Company d/b/a Nicor Gas Company and Horizon Pipeline Company, LLC.

On October 22, 2014, the Commission entered an Order granting Northern Illinois Gas Company d/b/a Nicor Gas Company's request for approval, pursuant to Section 7-101 of the Public Utilities Act, of a negotiated firm transportation ("FT") agreement with an affiliate, Horizon Pipeline Company, LLC ("Horizon").

Water & Sewer

13-0134 Enbridge Energy, Limited Partnership

Application pursuant to Sections 8-503, 8-509, and 15-401 of the Public Utilities Act/The Common Carrier by Pipeline Law for Certification and Authority to Construct and Operate a Petroleum Pipeline and when Necessary to Take Private Property as Provided by the Law of Eminent Domain.

Enbridge Energy sought approval to construct a new 36-inch maximum outside diameter mainline pipeline from Enbridge's Flanagan Terminal near Pontiac, Illinois to Lake County, Indiana, there to interconnect with Enbridge Energy terminals located in Griffith and Schererville, Indiana. Approximately seventy-seven miles of the proposed pipeline is in Illinois. Construction was anticipated to commence in late 2014, with an in-service date in mid-2015. Enbridge was successful in addressing the concerns of Commission Staff, the Attorney General and the Illinois Department of Transportation. Thereafter, on April 29, 2014, the Commission entered an Order authorizing the pipeline and issuing a certificate of public convenience and necessity. The Order also authorized Enbridge to exercise eminent domain authority if necessary to acquire the required real estate

13-0246 Aqua Illinois, Inc.

Petition for a Certificate of Public Convenience and Necessity to Construct, Operate and Maintain a Water Distribution System and a Wastewater Collection System in areas of Kankakee and Will Counties, Illinois.

Aqua Illinois, Inc. petitioned for a Certificate of Public Convenience and Necessity pursuant to Section 8-406 of the Public Utilities Act to construct, operate and maintain a water main through a 76-square mile area in Kankakee and Will Counties, to transport softened, filtered water from the Kankakee River to University Park. After objections from Staff and Interveners Monee, Wilmington and Peotone, Petitioner modified five possible routes down to a narrow, 30-square mile corridor extending one mile on either side of Route 10/Will Center Road, running between its currently certificated areas in Kankakee and University Park.

Petitioner also requested that the Certificate clarify a discrepancy between the maps and the legal description of the area for which certification was granted in Docket 87-0402, and provide water distribution and wastewater collection services in two limited areas of Will County, Illinois. This portion of the Docket was not contested.

The Certificate was granted over Interveners' objections. Petitioner amply demonstrated the need for the new main, citing the aesthetically poor quality of the drinking water available in University Park. The water main was also found to be the least-cost method of providing softened, filtered water to University Park, as several alternatives were rejected due to the significantly higher cost of each. Petitioner was found to be capable of financing the proposed construction without significant adverse consequences for it or its customers, its accounting treatment was found to conform to Commission policy, and no issues were raised pertaining to Petitioner's ability to efficiently manage and supervise construction.

13-0252 FutureGen Certificate

Application for a Certificate Authorizing the Construction and Operation of a Carbon Dioxide Pipeline.

On February 20, 2014, the Commission entered an Order approving FutureGen Industrial Alliance, Inc.'s Application for Certificate Authorizing Construction and Operation of a Carbon Dioxide Pipeline pursuant to the Carbon Dioxide Transportation and Sequestration Act (220 ILCS 75/20 et seq.) (the "CO2 Act") and approving the proposed route. On November 5, 2014, the Commission entered an order approving an amended pipeline route, pursuant Section 20(h) of the CO2 Act.

13-0564 Galena Territory Utilities, Inc.

Petition for Issuance of a Certificate of Public Convenience and Necessity to Provide Water and Wastewater Services to the Village of Oakwood and Its Environs in Vermilion County, Illinois, pursuant to Section 8-406 of the Illinois Public Utilities Act; and for the Issuance of an Order Approving Related Asset Purchase Agreement, Rates, Tariff Language, Accounting Entries and Depreciation Rates.

On February/March, 2014, the Commission entered an Order authorizing Galena Territory Utilities to acquire and operate the municipal water and sewer system for the Village of Oakwood, Illinois.

14-0105 Illinois-American Water Company ("Illinois American")

Application for the Issuance of a Certificate of Public Convenience and Necessity ("Certificate") to Provide Water Service to Areas in the Illinois Counties of Hardin, Gallatin, Pope, and Saline and for the Approval of the Purchase of Certain Assets of Hardin County Water Company ["Hardin"], in Accordance with Section 8-406 of the Illinois Public Utilities Act ["Act"].

In this proceeding, the Commission entered an order on November 11, 2014 which approved the purchase by Illinois-American of the Hardin water system assets, utilizing the provisions of a new section of the Public Utilities Act, Section 9-210.5, to establish "ratemaking rate base," valuation and purchase price.

14-0213 Aqua Illinois, Inc.

Petition for Initiation of Reconciliation Hearing.

On November 25, 2014, the Commission entered an Order approving Aqua Illinois, Inc.'s Qualifying Infrastructure Plant ("QIP") Surcharge Reconciliation, for the 2013 reconciliation year, for its Kankakee and Vermilion Water rate areas, as proposed by Commission Staff and agreed to by Aqua Illinois, Inc.

Appendix B

Emission Allowance Reports

ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

October 1, 2013

to

December 31, 2013

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage ¹ (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2013	15,479	15,009	(2)	0	0	0	30,486
2	2014	-	15,009	-	0	0	0	15,009
3	2015	-	15,009	-	0	0	0	15,009
4	2016	-	15,009	-	0	0	0	15,009
5	2017	-	15,009	-	0	0	0	15,009
6	2018	-	15,009	-	0	0	0	15,009
7	2019	-	15,009	-	0	0	0	15,009
8	2020	-	15,009	-	0	0	0	14,357
9	2021	-	15,009	-	0	0	0	15,009
10	2022	-	15,009	-	0	0	0	15,009
11	2023	-	15,009	-	0	0	0	15,009
12	2024	-	15,009	-	0	0	0	15,009
13	2025	-	15,009	-	0	0	0	15,009

Note: 1. Allowance consumption reported above for 2013 assumes two SO2 allowances will be used for each ton of SO2 emitted.

2. AmerenEnergy Medina Valley Cogen, LLC owns Acid Rain SO2 allowances for: Hutsonville, Meredosia, R S Wallace, Elgin, Gibson City and Grand Tower.

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2026	-	15,009	-	0	0	0	15,009
15	2027	-	15,009	-	0	0	0	15,009
16	2028	-	15,009	-	0	0	0	15,009
17	2029	-	15,009	-	0	0	0	15,009
18	2030	-	15,009	-	0	0	0	15,009
19	2031	-	15,009	-	0	0	0	15,009
20	2032	-	15,009	-	0	0	0	15,009
21	2033	-	15,009	-	0	0	0	15,009
22	2034	-	15,009	-	0	0	0	15,009
23	2035	-	15,009	-	0	0	0	15,009
24	2036	-	15,009	-	0	0	0	15,009
25	2037	-	15,009	-	0	0	0	15,009
26	2038	-	15,009	-	0	0	0	15,009
27	2039	-	15,009	-	0	0	0	15,009
28	2040	-	15,009	-	0	0	0	15,009
29	2041	-	15,009	-	0	0	0	15,009
30	2042	-	15,009	-	0	0	0	15,009
31	2043	-	15,009	-	0	0	0	15,009

ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

January 1, 2014
to
March 31, 2014

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage ¹ (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2013	15,479	15,009	(2)	(6,082)	0	0	24,404
2	2014	-	15,009	-	(3,035)	0	0	11,974
3	2015	-	15,009	-	(3,035)	0	0	11,974
4	2016	-	15,009	-	(3,035)	0	0	11,974
5	2017	-	15,009	-	(3,035)	0	0	11,974
6	2018	-	15,009	-	(3,035)	0	0	11,974
7	2019	-	15,009	-	(3,035)	0	0	11,974
8	2020	-	15,009	-	(3,035)	0	(652)	11,322
9	2021	-	15,009	-	(3,035)	0	0	11,974
10	2022	-	15,009	-	(3,035)	0	0	11,974
11	2023	-	15,009	-	(3,035)	0	0	11,974
12	2024	-	15,009	-	(3,035)	0	0	11,974
13	2025	-	15,009	-	(3,035)	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2026	-	15,009	-	(3,035)	0	0	11,974
15	2027	-	15,009	-	(3,035)	0	0	11,974
16	2028	-	15,009	-	(3,035)	0	0	11,974
17	2029	-	15,009	-	(3,035)	0	0	11,974
18	2030	-	15,009	-	(3,035)	0	0	11,974
19	2031	-	15,009	-	(3,035)	0	0	11,974
20	2032	-	15,009	-	(3,035)	0	0	11,974
21	2033	-	15,009	-	(3,035)	0	0	11,974
22	2034	-	15,009	-	(3,035)	0	0	11,974
23	2035	-	15,009	-	(3,035)	0	0	11,974
24	2036	-	15,009	-	(3,035)	0	0	11,974
25	2037	-	15,009	-	(3,035)	0	0	11,974
26	2038	-	15,009	-	(3,035)	0	0	11,974
27	2039	-	15,009	-	(3,035)	0	0	11,974
28	2040	-	15,009	-	(3,035)	0	0	11,974
29	2041	-	15,009	-	(3,035)	0	0	11,974
30	2042	-	15,009	-	(3,035)	0	0	11,974
31	2043	-	15,009	-	(3,035)	0	0	11,974

Note: 1. Allowance consumption reported above for 2013 assumes two SO2 allowances will be used for each ton of SO2 emitted.

2. On January 1, 2014, AmerenEnergy Medina Valley Cogen, LLC owned Acid Rain SO2 allowances for: Huissonville, Meredosia, R S Wallace, Elgin, Gibson City and Grand Tower.

3. On February 1, 2014, AmerenEnergy Medina Valley Cogen, LLC sold the Elgin, Gibson City and Grand Tower facilities (and associated allowances) to Rockland Capital.

ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

April 1, 2014
to
June 30, 2014

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage ¹ (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2014	24,404	15,009	-	(3,035)	0	0	36,378
2	2015	-	15,009	-	(3,035)	0	0	11,974
3	2016	-	15,009	-	(3,035)	0	0	11,974
4	2017	-	15,009	-	(3,035)	0	0	11,974
5	2018	-	15,009	-	(3,035)	0	0	11,974
6	2019	-	15,009	-	(3,035)	0	0	11,974
7	2020	-	15,009	-	(3,035)	0	(652)	11,322
8	2021	-	15,009	-	(3,035)	0	0	11,974
9	2022	-	15,009	-	(3,035)	0	0	11,974
10	2023	-	15,009	-	(3,035)	0	0	11,974
11	2024	-	15,009	-	(3,035)	0	0	11,974
12	2025	-	15,009	-	(3,035)	0	0	11,974
13	2026	-	15,009	-	(3,035)	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2027	-	15,009	-	(3,035)	0	0	11,974
15	2028	-	15,009	-	(3,035)	0	0	11,974
16	2029	-	15,009	-	(3,035)	0	0	11,974
17	2030	-	15,009	-	(3,035)	0	0	11,974
18	2031	-	15,009	-	(3,035)	0	0	11,974
19	2032	-	15,009	-	(3,035)	0	0	11,974
20	2033	-	15,009	-	(3,035)	0	0	11,974
21	2034	-	15,009	-	(3,035)	0	0	11,974
22	2035	-	15,009	-	(3,035)	0	0	11,974
23	2036	-	15,009	-	(3,035)	0	0	11,974
24	2037	-	15,009	-	(3,035)	0	0	11,974
25	2038	-	15,009	-	(3,035)	0	0	11,974
26	2039	-	15,009	-	(3,035)	0	0	11,974
27	2040	-	15,009	-	(3,035)	0	0	11,974
28	2041	-	15,009	-	(3,035)	0	0	11,974
29	2042	-	15,009	-	(3,035)	0	0	11,974
30	2043	-	15,009	-	(3,035)	0	0	11,974
31	2044	-	11,974	-	-	0	0	11,974

Note: 1. On January 1, 2014, AmerenEnergy Medina Valley Cogen, LLC owned Acid Rain SO2 allowances for: Hutsonville, Meredosia, R S Wallace, Elgin, Gibson City and Grand Tower.

2. On February 1, 2014, AmerenEnergy Medina Valley Cogen, LLC sold the Elgin, Gibson City and Grand Tower facilities (and associated allowances) to Rockland Capital.

ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

July 1, 2014

to

September 30, 2014

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage ¹ (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2014	24,404	11,974	-	0	0	0	36,378
2	2015	-	11,974	-	0	0	0	11,974
3	2016	-	11,974	-	0	0	0	11,974
4	2017	-	11,974	-	0	0	0	11,974
5	2018	-	11,974	-	0	0	0	11,974
6	2019	-	11,974	-	0	0	0	11,974
7	2020	-	11,974	-	0	0	(652)	11,322
8	2021	-	11,974	-	0	0	0	11,974
9	2022	-	11,974	-	0	0	0	11,974
10	2023	-	11,974	-	0	0	0	11,974
11	2024	-	11,974	-	0	0	0	11,974
12	2025	-	11,974	-	0	0	0	11,974
13	2026	-	11,974	-	0	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2027	-	11,974	-	0	0	0	11,974
15	2028	-	11,974	-	0	0	0	11,974
16	2029	-	11,974	-	0	0	0	11,974
17	2030	-	11,974	-	0	0	0	11,974
18	2031	-	11,974	-	0	0	0	11,974
19	2032	-	11,974	-	0	0	0	11,974
20	2033	-	11,974	-	0	0	0	11,974
21	2034	-	11,974	-	0	0	0	11,974
22	2035	-	11,974	-	0	0	0	11,974
23	2036	-	11,974	-	0	0	0	11,974
24	2037	-	11,974	-	0	0	0	11,974
25	2038	-	11,974	-	0	0	0	11,974
26	2039	-	11,974	-	0	0	0	11,974
27	2040	-	11,974	-	0	0	0	11,974
28	2041	-	11,974	-	0	0	0	11,974
29	2042	-	11,974	-	0	0	0	11,974
30	2043	-	11,974	-	0	0	0	11,974
31	2044	-	11,974	-	0	0	0	11,974

Note: AmerenEnergy Medina Valley Cogen, LLC owns the following Acid Rain units: Hutsonville, Meredosia and R S Wallace .

ALLOWANCE REPORTING FORM

Reporting Period

October 1, 2013

To

December 31, 2013

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D) ⁽¹⁾	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2013	116,333	59,139	74,531	0	1,988	0	102,929
2	2014	-----	59,139	-----	0	9,118	0	68,257
3	2015	-----	59,139	-----	0	0	0	59,139
4	2016	-----	59,139	-----	0	0	0	59,139
5	2017	-----	59,139	-----	0	0	0	59,139
6	2018	-----	59,139	-----	0	0	0	59,139
7	2019	-----	59,139	-----	0	0	0	59,139
8	2020	-----	59,139	-----	0	0	0	59,139
9	2021	-----	59,139	-----	0	0	0	59,139
10	2022	-----	59,139	-----	0	0	0	59,139
11	2023	-----	59,139	-----	0	0	0	59,139
12	2024	-----	59,139	-----	0	0	0	59,139
13	2025	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D) ⁽¹⁾	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2026	-----	59,139	-----	0	0	0	59,139
15	2027	-----	59,139	-----	0	0	0	59,139
16	2028	-----	59,139	-----	0	0	0	59,139
17	2029	-----	59,139	-----	0	0	0	59,139
18	2030	-----	59,139	-----	0	0	0	59,139
19	2031	-----	59,139	-----	0	0	0	59,139
20	2032	-----	59,139	-----	0	0	0	59,139
21	2033	-----	59,139	-----	0	0	0	59,139
22	2034	-----	59,139	-----	0	0	0	59,139
23	2035	-----	59,139	-----	0	0	0	59,139
24	2036	-----	59,139	-----	0	0	0	59,139
25	2037	-----	59,139	-----	0	0	0	59,139
26	2038	-----	59,139	-----	0	0	0	59,139
27	2039	-----	59,139	-----	0	0	0	59,139
28	2040	-----	59,139	-----	0	0	0	59,139
29	2041	-----	59,139	-----	0	0	0	59,139
30	2042	-----	59,139	-----	0	0	0	59,139
31	2043	-----	59,139	-----	0	0	0	59,139

The Clean Air Interstate Rule ("CAIR") Sulfur Dioxide Program Phase I became effective January 1, 2010. The CAIR program utilizes existing Title IV sulfur dioxide allowances and requires sources covered by the program to retire two vintage 2010-2014 Title IV sulfur dioxide allowances for every one ton of sulfur dioxide emissions. Title IV sulfur dioxide allowances of vintage 2009 or earlier retain the original one allowance for one ton of sulfur dioxide emissions value.

⁽¹⁾ MidAmerican Energy Company currently holds both vintages of Title IV sulfur dioxide allowances. For the period of January 1, 2013 - December 31, 2013, 37,268 tons of sulfur dioxide were emitted which equates to 5 vintage 2009 or earlier and 74,526 vintage 2010 - 2013 allowances for a total of 74,531 allowances used.

ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2014

To

March 31, 2014

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D) ⁽¹⁾	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2014	102,929	59,139	18,329	0	9,118	0	152,857
2	2015		59,139		0	0	0	59,139
3	2016		59,139		0	0	0	59,139
4	2017		59,139		0	0	0	59,139
5	2018		59,139		0	0	0	59,139
6	2019		59,139		0	0	0	59,139
7	2020		59,139		0	0	0	59,139
8	2021		59,139		0	0	0	59,139
9	2022		59,139		0	0	0	59,139
10	2023		59,139		0	0	0	59,139
11	2024		59,139		0	0	0	59,139
12	2025		59,139		0	0	0	59,139
13	2026		59,139		0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D) ⁽¹⁾	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2027	-----	59,139	-----	0	0	0	59,139
15	2028	-----	59,139	-----	0	0	0	59,139
16	2029	-----	59,139	-----	0	0	0	59,139
17	2030	-----	59,139	-----	0	0	0	59,139
18	2031	-----	59,139	-----	0	0	0	59,139
19	2032	-----	59,139	-----	0	0	0	59,139
20	2033	-----	59,139	-----	0	0	0	59,139
21	2034	-----	59,139	-----	0	0	0	59,139
22	2035	-----	59,139	-----	0	0	0	59,139
23	2036	-----	59,139	-----	0	0	0	59,139
24	2037	-----	59,139	-----	0	0	0	59,139
25	2038	-----	59,139	-----	0	0	0	59,139
26	2039	-----	59,139	-----	0	0	0	59,139
27	2040	-----	59,139	-----	0	0	0	59,139
28	2041	-----	59,139	-----	0	0	0	59,139
29	2042	-----	59,139	-----	0	0	0	59,139
30	2043	-----	59,139	-----	0	0	0	59,139

The Clean Air Interstate Rule ("CAIR") Sulfur Dioxide Program Phase I became effective January 1, 2010. The CAIR program utilizes existing Title IV sulfur dioxide allowances and requires sources covered by the program to retire two vintage 2010-2014 Title IV sulfur dioxide allowances for every one ton of sulfur dioxide emissions. Title IV sulfur dioxide allowances of vintage 2009 or earlier retain the original one allowance for one ton of sulfur dioxide emissions value.

⁽¹⁾ MidAmerican Energy Company currently holds both vintages of Title IV sulfur dioxide allowances. For the period of January 1, 2014 - March 31, 2014, 9,165 tons of sulfur dioxide were emitted which equates to 0 vintage 2009 or earlier and 18,329 vintage 2010 - 2014 allowances for a total of 18,329 allowances used. The actual number of allowances used for 2014 will depend on the mixture of vintage years ultimately retired with the Environmental Protection Agency for 2014 sulfur dioxide emissions. The actual mixture of allowances for compliance with be filed in February 2015 and is subject to change until that time.

ALLOWANCE REPORTING FORM

Reporting Period

April 1, 2014

To

June 30, 2014

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D) ⁽¹⁾	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2014	102,929	59,139	32,065	0	9,118	0	139,121
2	2015		59,139		0	0	0	59,139
3	2016		59,139		0	0	0	59,139
4	2017		59,139		0	0	0	59,139
5	2018		59,139		0	0	0	59,139
6	2019		59,139		0	0	0	59,139
7	2020		59,139		0	0	0	59,139
8	2021		59,139		0	0	0	59,139
9	2022		59,139		0	0	0	59,139
10	2023		59,139		0	0	0	59,139
11	2024		59,139		0	0	0	59,139
12	2025		59,139		0	0	0	59,139
13	2026		59,139		0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D) ⁽¹⁾	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2027	-----	59,139	-----	0	0	0	59,139
15	2028	-----	59,139	-----	0	0	0	59,139
16	2029	-----	59,139	-----	0	0	0	59,139
17	2030	-----	59,139	-----	0	0	0	59,139
18	2031	-----	59,139	-----	0	0	0	59,139
19	2032	-----	59,139	-----	0	0	0	59,139
20	2033	-----	59,139	-----	0	0	0	59,139
21	2034	-----	59,139	-----	0	0	0	59,139
22	2035	-----	59,139	-----	0	0	0	59,139
23	2036	-----	59,139	-----	0	0	0	59,139
24	2037	-----	59,139	-----	0	0	0	59,139
25	2038	-----	59,139	-----	0	0	0	59,139
26	2039	-----	59,139	-----	0	0	0	59,139
27	2040	-----	59,139	-----	0	0	0	59,139
28	2041	-----	59,139	-----	0	0	0	59,139
29	2042	-----	59,139	-----	0	0	0	59,139
30	2043	-----	59,139	-----	0	0	0	59,139
31	2044	-----	59,139	-----	0	0	0	59,139

The Clean Air Interstate Rule ("CAIR") Sulfur Dioxide Program Phase I became effective January 1, 2010. The CAIR program utilizes existing Title IV sulfur dioxide allowances and requires sources covered by the program to retire two vintage 2010-2014 Title IV sulfur dioxide allowances for every one ton of sulfur dioxide emissions. Title IV sulfur dioxide allowances of vintage 2009 or earlier retain the original one allowance for one ton of sulfur dioxide emissions value.

⁽¹⁾ MidAmerican Energy Company currently holds both vintages of Title IV sulfur dioxide allowances. For the period of January 1, 2014 - June 30, 2014, 16,033 tons of sulfur dioxide were emitted which equates to 0 vintage 2009 or earlier and 32,065 vintage 2010 - 2014 allowances for a total of 32,065 allowances used. The actual number of allowances used for 2014 will depend on the mixture of vintage years ultimately retired with the Environmental Protection Agency for 2014 sulfur dioxide emissions. The actual mixture of allowances for compliance with be filed in February 2015 and is subject to change until that time.

ALLOWANCE REPORTING FORM

Reporting Period

July 1, 2014

To

September 30, 2014

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D) ⁽¹⁾	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2014	102,929	59,139	50,230	0	9,118	0	120,956
2	2015	-----	59,139	-----	0	0	0	59,139
3	2016	-----	59,139	-----	0	0	0	59,139
4	2017	-----	59,139	-----	0	0	0	59,139
5	2018	-----	59,139	-----	0	0	0	59,139
6	2019	-----	59,139	-----	0	0	0	59,139
7	2020	-----	59,139	-----	0	0	0	59,139
8	2021	-----	59,139	-----	0	0	0	59,139
9	2022	-----	59,139	-----	0	0	0	59,139
10	2023	-----	59,139	-----	0	0	0	59,139
11	2024	-----	59,139	-----	0	0	0	59,139
12	2025	-----	59,139	-----	0	0	0	59,139
13	2026	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D) ⁽¹⁾	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2027	-----	59,139	-----	0	0	0	59,139
15	2028	-----	59,139	-----	0	0	0	59,139
16	2029	-----	59,139	-----	0	0	0	59,139
17	2030	-----	59,139	-----	0	0	0	59,139
18	2031	-----	59,139	-----	0	0	0	59,139
19	2032	-----	59,139	-----	0	0	0	59,139
20	2033	-----	59,139	-----	0	0	0	59,139
21	2034	-----	59,139	-----	0	0	0	59,139
22	2035	-----	59,139	-----	0	0	0	59,139
23	2036	-----	59,139	-----	0	0	0	59,139
24	2037	-----	59,139	-----	0	0	0	59,139
25	2038	-----	59,139	-----	0	0	0	59,139
26	2039	-----	59,139	-----	0	0	0	59,139
27	2040	-----	59,139	-----	0	0	0	59,139
28	2041	-----	59,139	-----	0	0	0	59,139
29	2042	-----	59,139	-----	0	0	0	59,139
30	2043	-----	59,139	-----	0	0	0	59,139
31	2044	-----	59,139	-----	0	0	0	59,139

The Clean Air Interstate Rule ("CAIR") Sulfur Dioxide Program Phase I became effective January 1, 2010. The CAIR program utilizes existing Title IV sulfur dioxide allowances and requires sources covered by the program to retire two vintage 2010-2014 Title IV sulfur dioxide allowances for every one ton of sulfur dioxide emissions. Title IV sulfur dioxide allowances of vintage 2009 or earlier retain the original one allowance for one ton of sulfur dioxide emissions value.

⁽¹⁾ MidAmerican Energy Company currently holds both vintages of Title IV sulfur dioxide allowances. For the period of January 1, 2014 - September 30, 2014, 25,115 tons of sulfur dioxide were emitted which equates to 0 vintage 2009 or earlier and 52,230 vintage 2010 - 2014 allowances for a total of 52,230 allowances used. The actual number of allowances used for 2014 will depend on the mixture of vintage years ultimately retired with the Environmental Protection Agency for 2014 sulfur dioxide emissions. The actual mixture of allowances for compliance with be filed in February 2015 and is subject to change until that time.

ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2014 to March 31, 2014

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0--	0	-1	0	20	0	19
3	2002	19	0	-2	0	0	0	17
4	2003	17	0	-0	0	0	0	17
5	2004	17	0	-1	0	0	0	16
6	2005	16	0	-2	0	0	0	14
7	2006	14	0	-0	0	0	0	14
8	2007	14	0	-2	0	0	0	12
9	2008	12	0	-0	0	0	0	12
10	2009	12	0	-0	0	0	0	12
11	2010	12	0	-0	0	0	0	12
12	2011	12	0	-0	0	0	0	12
13	2012	12	0	-0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12

ALLOWANCE REPORTING FORM
Reporting Period

April 1, 2014 to June 30, 2014

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12

ALLOWANCE REPORTING FORM
Reporting Period

July 1, 2014 to September 30, 2014

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12

Cordova Energy

FORM 213/20

ALLOWANCE REPORTING FORM

Reporting Period

October 1, 2013 to December 31, 2013

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2013	44,356	50,003	32,488	0		105	61,976
2	2014	-	50,003	0	0		105	50,108
3	2015	-	50,003	0	0		105	50,108
4	2016	-	50,003	0	0		105	50,108
5	2017	-	50,003	0	0		105	50,108
6	2018	-	50,003	0	0		105	50,108
7	2019	-	50,003	0	0		105	50,108
8	2020	-	50,003	0	0		105	50,108
9	2021	-	50,003	0	0		105	50,108
10	2022	-	50,003	0	0		105	50,108
11	2023	-	50,003	0	0		105	50,108
12	2024	-	50,003	0	0		105	50,108
13	2025	-	50,003	0	0		105	50,108

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2026	-	50,003	0	0		105	50,108
15	2027	-	50,003	0	0		105	50,108
16	2028	-	50,003	0	0		105	50,108
17	2029	-	50,003	0	0		105	50,108
18	2030	-	50,003	0	0		105	50,108
19	2031	-	50,003	0	0		105	50,108
20	2032	-	50,003	0	0		105	50,108
21	2033	-	50,003	0	0		105	50,108
22	2034	-	50,003	0	0		105	50,108
23	2035	-	50,003	0	0		105	50,108
24	2036	-	50,003	0	0		105	50,108
25	2037	-	50,003	0	0		105	50,108
26	2038	-	50,003	0	0		105	50,108
27	2039	-	50,003	0	0		105	50,108
28	2040	-	50,003	0	0		105	50,108
29	2041	-	50,003	0	0		105	50,108
30	2042	-	50,003	0	0		105	50,108
31	2043	-	50,003	0	0		105	50,108

ALLOWANCE REPORTING FORM

Reporting Period

October 1, 2013 to December 31, 2013

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	-1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	-0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	-0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	-0	0	0	0	12
10	2009	-12	0	-0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	-0	0	0	0	12
13	2012	12	0	-0	0	0	0	12
14	2013	12	0	0	0	0	0	12